

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

ROCHESTER FUND MUNICIPALS

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SIC: **5411** Grocery stores

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
Post-Effective Amendment No. 16

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940
Amendment No. 21

(Check appropriate box or boxes.)

ROCHESTER FUND MUNICIPALS

(Exact Name of Registrant as Specified in Charter)

350 Linden Oaks, Rochester, New York 14625

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (716) 383-1300

Andrew J. Donohue, Esq.
OppenheimerFunds, Inc.
Two World Trade Center
New York, New York 10048-0203
(Name and Address of Agent for Service)

With a copy to:
Robert J. Zutz, Esq.
Kirkpatrick & Lockhart LLP
1800 Massachusetts Avenue NW
Washington, D.C. 20036

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement. It is proposed that this filing become effective:

- Immediately upon filing pursuant to paragraph (b)
- On (date) pursuant to paragraph (b)
- Sixty days after filing pursuant to paragraph (a)(i)
- On (date) pursuant to paragraph (a)(i)
- 75 days after filing pursuant to paragraph a(ii)
- On (date) pursuant to paragraph (a)(ii) of Rule 485

If appropriate, check the following box:

this post effective amendment designates a new effective date for a previously filed post-effective amendment Registrant's Rule 24f-2 Notice for the most recent fiscal year was filed with the Securities and Exchange Commission on February 17, 1995.

Rochester Fund Municipals
Cross Reference Sheet
Form N-1A

Part A of

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3	Financial Highlights; Performance of the Fund
4	Front Cover Page; How the Fund is Managed--Organization and History; Investment Objective, Policies and Considerations
5	About the Fund--Expenses; How the Fund is Managed; Back Cover
5A	*
6	How the Fund is Managed--Organization and History; The Transfer Agent; Dividends, Capital Gains and Taxes; Investment Objective, Policies and Considerations
7	Shareholder Account Rules and Policies; How to Buy Shares; How to Sell Shares; How to Exchange Shares; Special Investor Services; Service Plan for Shares
8	How to Sell Shares; Special Investor Services
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Form N-1A

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10	Cover Page
11	Cover Page
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13	Investment Objectives and Policies--Other Investment Techniques and Strategies; Investment Objectives and Policies--Investment Considerations/Risks
14	How the Fund is Managed--Trustees and Officers of the Fund
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23	Financial Statements

* Not applicable or negative answer.

ROCHESTER FUND MUNICIPALS
Prospectus dated March 11, 1996

Rochester Fund Municipals is a mutual fund with the investment objective of providing shareholders with as high a level of interest income exempt from Federal, New York State and New York City personal income taxes as is consistent with its investment policies and prudent investment management while seeking preservation of shareholders' capital. The Fund intends to achieve its objective by investing primarily in New York State municipal and public authority debt obligations exempt from such taxes. Except for temporary defensive purposes, at least 80% of the Fund's net assets will be invested in tax exempt municipal securities. There can be no assurance that the Fund will achieve its objective.

This Prospectus explains concisely what you should know before investing in the Fund. Please read this Prospectus carefully and keep it for future reference. You can find more detailed information about the Fund in the March 11, 1996 Statement of Additional Information. For a free copy, call OppenheimerFunds Services, the Fund's Transfer Agent, at 1-800-525-7048, or write to the Transfer Agent at the address on the back cover. The Statement of Additional Information has been filed with the Securities and Exchange Commission and is incorporated into this Prospectus by reference (which means that it is legally part of this Prospectus).

[Logo]

SHARES OF THE FUND ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE F.D.I.C. OR ANY OTHER AGENCY,

AND INVOLVE INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

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.

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ABOUT THE FUND

EXPENSES

The Fund pays a variety of expenses directly for management of its assets, administration, distribution of its shares and other services, and those expenses are subtracted from the Fund's assets to calculate the Fund's net asset value per share. All shareholders therefore pay those expenses indirectly. Shareholders pay other expenses directly, such as sales charges and account transaction charges. The following tables are provided to help you understand your direct expenses of investing in the Fund and your share of the Fund's business operating expenses that you will bear indirectly. The calculations are based on the Fund's expenses during its last fiscal year ended December 31, 1995.

o SHAREHOLDER TRANSACTION EXPENSES are charges you pay when you buy or sell shares of the Fund. Please refer to "About Your Account," for an explanation of how and when these charges apply.

Maximum Sales Charge on Purchase (as a % of offering price)	4.00%
--	-------

o ANNUAL FUND OPERATING EXPENSES are paid out of the Fund's assets and represent the Fund's expenses in operating its business. For example, the Fund pays management fees to its investment adviser, OppenheimerFunds, Inc. (which is referred to in this Prospectus as the "Manager"). The rates of the Manager's fees are set forth in "How the Fund is Managed" below. The Fund has other regular expenses for services, such as transfer agent fees, custodial fees paid to the bank that holds the Fund's portfolio securities, audit fees and legal expenses. Those expenses are detailed in the Fund's Financial Statements in the Statement of Additional Information.

The numbers in the table below are projections of the Fund's business

expenses based on the Fund's expenses in its last fiscal year. These amounts are shown as a percentage of the average net assets for that year. The 12b-1 Distribution Plan Fees for shares are Service Plan Fees (which are a maximum of 0.25% for the service fee). This plan is described in greater detail in "How to Buy Shares."

The actual expenses for shares in future years may be more or less than the numbers in the table, depending on a number of factors, including the actual value of the Fund's assets.

Management Fees

 12b-1 Distribution Plan

Fees

 Other Expenses

 Total Fund Operating Expenses

o EXAMPLES. To try to show the effect of these expenses on an investment over time, we have created the hypothetical examples shown below. Assume that you make a \$1,000 investment in each class of shares of the Fund, and that the Fund's annual return is 5%, and that its operating expenses are the ones shown in the Annual Fund Operating Expenses table above. If you were to redeem your shares at the

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end of each period shown below, your investment would incur the following expenses by the end of 1, 3, 5 and 10 years:

1 year	3 years	5 years	10 years
-----	-----	-----	-----

If you did not redeem your investment, it would incur the following expenses:

1 year	3 years	5 years	10 years
-----	-----	-----	-----

These examples show the effect of expenses on an investment, but are not meant to state or predict actual or expected costs or investment returns of the Fund, all of which will vary.

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A Brief Overview of the Fund

Some of the important facts about the Fund are summarized below, with references to the section of this Prospectus where more complete information can be found. You should carefully read the entire Prospectus before making a decision about investing in the Fund. Keep the Prospectus for reference after you invest, particularly for information about your account, such as how to sell or exchange shares.

o WHAT IS THE FUND'S INVESTMENT OBJECTIVE? The Fund's investment objective is to provide shareholders with as high a level of interest income exempt from Federal, New York State and New York City personal income taxes as is consistent with its investment policies and prudent investment management while seeking preservation of shareholders' capital. There can be no assurance that the Fund will achieve its objective.

o WHAT DOES THE FUND INVEST IN? The Fund seeks to achieve its objective by investing primarily in New York State municipal and public authority debt obligations the interest from which is exempt from such taxes. In addition, the Fund may also invest its assets in obligations of municipal issuers located in U.S. territories. See "Dividends, Capital Gains and Taxes". Investments will be made without regard to maturity. The lack of maturity restrictions, however, may result in greater fluctuation of bond prices in the Fund's portfolio and greater fluctuation in the Fund's net asset value because the prices of long-term bonds are more affected by changes in interest rates than prices of short-term bonds.

As a fundamental policy, at least 80% of the Fund's net assets will be invested in tax-exempt securities except when the Manager determines that market

conditions could cause serious erosion of portfolio value, in which case assets may be temporarily invested in short-term taxable obligations as a defensive measure to preserve net asset value. Such temporary investments will be limited substantially to: obligations issued or guaranteed by the United States government, its agencies, instrumentalities or authorities; highly-rated corporate debt securities; prime commercial paper; or certificates of deposit of domestic banks with assets of at least \$1 billion.

o WHO MANAGES THE FUND? The Fund's investment adviser is OppenheimerFunds, Inc. The Manager (including a subsidiary) advises investment company portfolios having over \$__ billion in assets at December 31, 1995. The Manager is paid an advisory fee by the Fund, based on its assets. The Fund's portfolio manager, who is employed by the Manager and who is primarily responsible for the selection of the Fund's securities, is Ronald H. Fielding. The Fund's Board of Trustees, which is elected by shareholders, oversees the investment adviser and the portfolio manager. Please refer to "How the Fund is Managed," for more information about the Manager and its fees.

o HOW RISKY IS THE FUND? All investments carry risks to some degree. The Fund's investments are subject to changes in their value from a number of factors such as changes in general bond market movements, the change in value of particular bonds because of an event affecting the issuer, or changes in interest rates that can affect bond prices. These changes affect the value of the Fund's investments and its price per share. The Fund may invest in "inverse floater" variable rate bonds, a type of derivative investment whose yields move in the opposite direction as short-term interest rates change. While the Manager tries to reduce risks by diversifying investments and by carefully researching securities before they are purchased for the portfolio, and in some cases by using hedging techniques, there is no guarantee of

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success in achieving the Fund's objective and your shares may be worth more or less than their original cost when you redeem them. Please refer to "Investment Objective and Policies" for a more complete discussion.

o HOW CAN I BUY SHARES? You can buy shares through your dealer or financial institution, or you can purchase shares directly through the Distributor by completing an Application or by using an Automatic Investment Plan under AccountLink. Please refer to "How to Buy Shares" for more details.

o WILL I PAY A SALES CHARGE TO BUY SHARES? The Fund offers the investor one class of shares with a maximum front-end sales load of 4%. There is no contingent deferred sales charge nor asset based sales charge on the shares. Please refer to "How to Buy Shares" for more details.

o HOW CAN I SELL MY SHARES? Shares can be redeemed by mail or by telephone call to the Transfer Agent on any business day, or through your dealer or by writing a check against your current account. Please refer to "How to Sell Shares". The Fund also offers exchange privileges to other Oppenheimer funds, described in "How To Exchange Shares".

o HOW HAS THE FUND PERFORMED? The Fund measures its performance by quoting its yield, tax equivalent yield, average annual total return and cumulative total return, which measure historical performance. Those yields and returns can be compared to the yields and returns (over similar periods) of other funds. Of course, other funds may have different objectives, investments, and levels of risk. Please remember that past performance does not guarantee future results.

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FINANCIAL HIGHLIGHTS

The table on the following pages presents selected financial information about the Fund, including per share data and expense ratios and other data based on the Fund's average net assets. This information has been audited by Price Waterhouse LLP, the Fund's independent auditors, whose report on the Fund's financial statements for the fiscal year ended December 31, 1995, is included in the Statement of Additional Information.

<TABLE>
<CAPTION>

	1995	1994	1993	1992	1991	1990	1989	1988	1987*	1986*
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value										

beginning of year	\$19.00	\$17.65	\$17.01	\$16.24	\$16.29	\$16.14	\$15.31	\$16.06	\$16.14
Income from investment operations:									
Net investment income	1.13	1.17	1.20	1.20	1.20	1.20	1.20	1.13	.88
Net realized and unrealized gain (loss) on investments ...	(2.68)	1.35	.64	.81	(.05)	.15	.83	(.57)	.16
Total from investment operations	(1.55)	2.52	1.84	2.01	1.15	1.35	2.03	.56	1.04
Less distributions:									
Dividends from net investment income	(1.13)	(1.17)	(1.20)	(1.20)	(1.20)	(1.20)	(1.20)	(1.20)	(1.12)
net investment income--prior year	(0.01)	--	--	--	--	--	--	--	--
Distributions from capital gains	--	--	--	(.04)	--	--	--	(.11)	--
Total distributions	(1.14)	(1.17)	(1.20)	(1.24)	(1.20)	(1.20)	(1.20)	(1.31)	(1.12)
Net asset value, end of year ...	\$16.31	\$19.00	\$17.65	\$17.01	\$16.24	\$16.29	\$16.14	\$15.31	\$16.06
Total return (excludes sales load)	(8.35%)	14.60%	11.19%	12.79%	7.28%	8.67%	13.72%	3.69%	6.89%
Ratios/supplemental data:									
Net assets, end of year (000 omitted)	\$1,791,299	\$1,794,096	\$997,030	\$497,440	\$260,553	\$98,095	\$39,277	\$16,567	\$7,096
Ratio of total expenses to average net assets	0.84%	0.75%	0.84%	0.87%	0.88%	1.11%	1.13%	1.2%	0.8%
Ratio of total expenses (excluding interest) to average net assets (Y)	0.73%	0.64%	0.70%	0.74%	0.72%	0.91%	1.10%	1.2%	0.8%
Ratio to net investment income to average net assets	6.43%	6.21%	6.79%	7.12%	7.21%	7.19%	7.40%	7.3%	5.5%
Portfolio turnover rate	34.39%	18.27%	29.99%	48.54%	51.63%	34.76%	61.50%	72.8%	110.0%

</TABLE>

Per share information has been determined on the basis of a weighted daily average number of shares outstanding during the period.

* Includes a voluntary reimbursement of expenses by Fielding Management Company, Inc. which amounted to \$.04 per share in 1986 and \$.01 per share in 1987. Without reimbursement, the ratio of total expenses to average net assets would have been 1.1% in 1986 and 1.2% in 1987. Fielding Management Company, Inc. was the Fund's investment adviser from inception through April 30, 1994.

(Y) During the periods shown above, the Fund's interest expense was substantially offset by the incremental interest income generated on bonds purchased with borrowed funds.

<TABLE>

Information On Bank Loans

<CAPTION>

	Year ended December 31,							
	1995	1994	1993	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Bank loans outstanding at end of year (000)	\$ 15,083	\$30,886	\$22,644	\$18,292	\$ 3,067	\$1,139	\$ 430	
Monthly average amount of bank loans outstanding during the year (000)	\$ 28,131	\$27,137	\$17,060	\$ 5,317	\$ 2,587	\$ 990	\$ 20	
Monthly average number of shares of the Fund outstanding during the year (000)	105,753	77,472	41,429	22,445	10,327	3,980	1,554	
Average amount of bank loans per share outstanding during the year	\$.27	\$.35	\$.41	\$.24	\$.25	\$.25	\$.01	

</TABLE>

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INVESTMENT OBJECTIVE, POLICIES AND CONSIDERATIONS

OBJECTIVE. The Fund's investment objective is to provide as high a level of interest income exempt from Federal, New York State and New York City personal income taxes as is consistent with prudent investing while seeking preservation of shareholders' capital. There is no assurance that the Fund will achieve its objective and there can be no guarantee that the value of an investment in Fund Shares might not decline. The Fund will seek to achieve its objective by

investing primarily in New York State municipal and public authority debt obligations exempt from such taxes. In addition, the Fund may also invest its assets in obligations of municipal issuers located in U.S. territories. See "Dividends, Capital Gains and Taxes". Investments will be made without regard to maturity. The lack of maturity restrictions, however, may result in greater fluctuation of bond prices in the Fund's portfolio and greater fluctuation in the Fund's net asset value because the prices of long term bonds are more affected by changes in interest rates than prices of short-term bonds.

As a fundamental policy, at least 80% of the Fund's net assets will be invested in tax-exempt securities except when the Fund's investment adviser determines that market conditions could cause serious erosion of portfolio value, in which case assets may be temporarily invested in short-term taxable obligations as a defensive measure to preserve net asset value. Such temporary investments will be limited substantially to: obligations issued or guaranteed by the United States government, its agencies, instrumentalities or authorities; highly-rated corporate debt securities; prime commercial paper; or certificates of deposit of domestic banks with assets of at least \$1 billion.

CAN THE FUND'S INVESTMENT OBJECTIVES AND POLICIES CHANGE? The investment objective and fundamental policies of the Fund is a fundamental policy which cannot be changed without shareholder approval.

INVESTMENT POLICIES AND STRATEGIES.

o CREDIT QUALITY. At least 80% of the Fund's net assets which are invested in tax-exempt obligations will be invested in securities which have received investment grade ratings from a nationally recognized statistical rating organization ("NRSRO"), or in securities which are not rated, provided that, in the opinion of the Manager, such securities are of equivalent quality to securities so rated. Such securities may have speculative characteristics. A description of rating categories is contained in Appendix A to the Statement of Additional Information. The remaining 20% of the Fund's assets which are invested in tax-exempt obligations may be invested in lower rated securities or in securities which are unrated. Investments in these securities present different risks than investments in higher rated securities, including an increased sensitivity to adverse economic changes or individual developments and a higher rate of default. The Manager will attempt to reduce the risks inherent in investments in lower rated securities through active portfolio management, diversification, credit analysis and attention to current developments and trends in the economy and financial markets. Such securities are regarded as speculative securities. See "Investment Objectives and Policies" for a discussion of the risks associated with investments in high yield, high risk securities.

o MUNICIPAL OBLIGATIONS. Municipal securities include debt obligations issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, housing, hospitals, mass transportation, schools, streets and water and sewer works. Other public purposes for which municipal securities or bonds may be issued include the refunding of outstanding obligations, obtaining funds for general operating expenses and the obtaining of funds to loan to other public institutions and facilities. In addition, certain types of private activity bonds are issued by or on behalf of public authorities to obtain funds to provide housing facilities, sports facilities, manufacturing facilities, convention or trade show facilities,

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airport, mass transit, port or parking facilities, air or water pollution control facilities and certain local facilities for water supply, gas, electricity or sewage or solid waste disposal.

The interest on bonds issued to finance essential state and local government operations is fully tax-exempt. However, the interest on certain private activity bonds (including those for housing and student loans) issued after August 15, 1986, while still tax-exempt for regular tax purposes, constitutes a preference item for taxpayers in determining their alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code"). See "Taxes". The Code also imposes certain limitations and restrictions on the use of tax-exempt bond financing for non-government business activities, such as non-essential private activity bonds. The Fund intends to purchase private activity bonds only to the extent that the interest paid by such bonds is exempt from Federal, New York State and New York City taxes for regular tax purposes pursuant to the Code.

The two principal classifications of municipal securities are "general

obligation" and "revenue" bonds. There are variations in the security of municipal bonds, both within a particular classification and between classifications. General obligation bonds are secured by the issuer's pledge of its faith, credit and taxing power for the payment of principal and interest. Revenue bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or specific revenue source. One type of revenue bond common to New York State (the "State") is a "moral obligation" bond. A moral obligation bond is a bond which is issued by revenue authorities under circumstances where the State provides a moral pledge of payment in the event that an authority is unable to make timely debt service. Unlike a general obligation pledge, however, the moral pledge does not constitute the State's official pledge of its full faith and credit. Accordingly, the Manager would consider precedents established in the State with respect to the honoring of such moral pledges in its credit analyses of moral obligation bonds. Private activity bonds, which are municipal bonds, are in most cases revenue bonds and do not generally constitute the pledge of the credit of the issuer of such bonds.

The values of outstanding municipal bonds will vary as a result of changing evaluations of the ability of their issuers to meet the interest and principal payments. Such values will also change in response to changes in the interest rates payable on new issues of municipal bonds. Should such interest rates rise, the values of outstanding bonds, including those held in the Fund's portfolio, will decline and (if purchased at principal amount) would sell at a discount. If such interest rates fall, the values of outstanding bonds will increase and (if purchased at principal amount) would sell at a premium. Changes in the value of municipal bonds held in the Fund's portfolio arising from these or other factors will cause changes in the net asset value per share of the Fund. As an operational policy, however, the Fund will not invest more than 5% of its assets in securities where the principal and interest are the responsibility of an industrial user with less than three years' operational history.

In determining the issuer of a tax-exempt security, each state and each political subdivision, agency and instrumentality of each state and each multistate agency of which such state is a member is a separate issuer. Where securities are backed only by assets and revenues of a particular instrumentality, facility or subdivision, such entity is considered the issuer. The percentage limitations referred to herein and elsewhere in this Prospectus are determined as of the time an investment or purchase is made.

o INVESTMENTS IN ILLIQUID SECURITIES. The Fund may purchase securities, in private placements or in other transactions, the disposition of which would be subject to legal restrictions, or in securities for which there is no regular trading market (collectively, "Illiquid Securities"). No more than an aggregate of 15% of the value of the Fund's net assets at the time of acquisition may be invested in Illiquid Securities. The Fund's policy with respect to investments in illiquid securities is a non-fundamental policy and, as such, may be changed by action of the Fund's Board of Trustees.

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Such investments may include lease obligations or installment purchase contract obligations (hereinafter collectively called "municipal leases") of municipal authorities or entities. Subject to the percentage limitation on investments in Illiquid Securities, the Fund may invest only a maximum of 5% of assets which are invested in tax-exempt obligations in unrated or illiquid tax-exempt municipal leases. Investments in tax-exempt municipal leases will be subject to the 15% limitation on investments in Illiquid Securities unless, in the judgment of the Manager, a particular municipal lease is liquid and unless the lease has received an investment grade rating from an NRSRO. The Board of Trustees has adopted guidelines to be utilized by the Manager in making determinations concerning the liquidity and valuation of municipal lease obligations. See the Statement of Additional Information for a description of the guidelines which will be utilized by the Manager in making such determinations. Under circumstances where the Fund proposes to purchase unrated municipal lease obligations, the Fund's Board of Trustees will be responsible for determining the credit quality of such obligations and will be responsible for assessing on an ongoing basis the likelihood that the lease will not be cancelled.

Investment in tax-exempt lease obligations presents certain special risks which are not associated with investments in other tax-exempt obligations such as general obligation bonds or revenue bonds. Although municipal leases do not constitute general obligations of the municipality for which the municipality's taxing power is pledged, a municipal lease may be backed by the municipality's covenant to budget for, appropriate and make the payments due under the municipal lease. Most municipal leases, however, contain "non-appropriation" clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis. Although "non-appropriation" municipal leases are generally secured by the leased property, disposition of the property in the event of default might prove difficult.

A further discussion of such risks and the manner in which the Fund will seek to minimize such risks is contained in the Statement of Additional Information.

Investments in Illiquid Securities may also include, but are not limited to, securities which have not been registered under the Securities Act of 1933, as amended (the "1933 Act"). Rule 144A under the 1933 Act permits certain resales of such unregistered securities, provided that such securities have been determined to be eligible for resale to certain qualified institutional buyers ("Rule 144A Securities"). Rule 144A Securities which are determined to be liquid by the Fund's Manager pursuant to certain guidelines which have been adopted by the Board of Trustees will be excluded from the 15% limitation on investments in Illiquid Securities.

o BORROWING FOR INVESTMENT PURPOSES. The Fund may borrow money, but only from banks, in amounts up to 5% of its total assets to purchase additional portfolio securities. Borrowing for investment purposes increases both investment opportunity and investment risk. Such borrowings in no way affect the Federal or New York State tax status of the Fund or its dividends. If the investment income on securities purchased with borrowed money exceeds the interest paid on the borrowing, the net asset value of the Fund's shares will rise faster than would otherwise be the case. On the other hand, if the investment income fails to cover the Fund's costs, including the interest on borrowings or if there are losses, the net asset value of the Fund's shares will decrease faster than would otherwise be the case.

The Investment Company Act of 1940, as amended (the "Act"), requires the Fund to maintain asset coverage of at least 300% for all such borrowings, and should such asset coverage at any time fall below 300%, the Fund would be required to reduce its borrowings within three days to the extent necessary to meet the requirements of the Act. The Fund might be required to sell securities at a time when it would be disadvantageous to do so in order to reduce its borrowing. The Fund may also borrow for temporary and emergency purposes. See "Investment Restrictions" in the Statement of Additional Information.

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In addition, because interest on money borrowed is an expense that the Fund would not otherwise incur, the Fund may have less net investment income during periods when its borrowings are substantial. The interest paid by the Fund on borrowings may be more or less than the yield on the securities purchased with borrowed funds, depending on prevailing market conditions.

o DESCRIPTION OF ADDITIONAL INVESTMENT POLICIES AND PERMITTED SECURITIES

Except as otherwise noted, the investment policies described below and elsewhere in this prospectus are non-fundamental investment policies and, as such, may be changed by action of the Fund's Board of Trustees.

[] PORTFOLIO DIVERSIFICATION. As a fundamental policy, as to 75% of the value of the Fund's gross assets, no more than 5% of the value thereof will be invested in the securities of any one issuer. This limitation does not apply to investments issued or guaranteed by the U.S. Government, its agencies, or its instrumentalities or authorities. As part of that policy, the Fund may invest more than 25% of its assets in industrial development bonds but no more than 5% of the assets will be invested in such bonds for which the underlying credit is one business or one charitable entity. As to the balance of 25% of the Fund's gross assets not covered by this policy, the Fund would not invest more than 10% thereof in the securities of any one issuer. In no case, however, will the Fund invest more than 5% of its assets in the securities of any one issuer where such securities are rated B or below. The Fund is not a diversified fund for purposes of the Act.

[] INVESTING IN OTHER INVESTMENT COMPANIES. The Fund also may invest on a short-term basis up to 5% of its net assets in other investment companies which have a similar objective of obtaining income exempt from Federal, New York State, and New York City income taxes. Such investing involves similar expenses by the Fund and by other investment companies involved, and the Fund intends to make such investments only on a short-term basis and only when the Manager reasonably anticipates that the net after-tax return to the Fund's shareholders will be improved, as compared to the return available from other short-term investments. See the Statement of Additional Information.

[] INVERSE FLOATERS. The Fund may also invest in municipal obligations on which the interest rates typically decline as market rates increase and increase as market rates decline (commonly referred to as "inverse floaters"). Changes in the market interest rate or in the floating rate security inversely affect the residual interest rate paid on the inverse floater, with the result that the inverse floater's price will be considerably more volatile than that of a fixed-rate bond. For example, a municipal issuer may decide to issue two variable rate instruments instead of a single long-term, fixed-rate bond. Such

securities have the effect of providing a degree of investment leverage, since the interest rate on one instrument reflects short-term interest rates, while the interest rate on the other instrument (the inverse floater) reflects the approximate rate the issuer would have paid on a fixed-rate bond, multiplied by two, minus the interest rate paid on the short-term instrument. The two portions may be recombined to form a fixed-rate municipal bond. To seek to limit the volatility of the securities, the Manager may acquire both portions in an effort to reduce risk and preserve capital. The market for inverse floaters is relatively new. The Manager believes that inverse floating obligations represent a flexible portfolio management instrument for the Fund which allows the Manager to vary the degree of investment leverage efficiently under different market conditions. Certain investments in such obligations may be illiquid and, as such, are subject to the Fund's limitation on investments in Illiquid Securities. The Fund may not invest in such illiquid obligations if such investments, together with other Illiquid Securities, would exceed 15% of the Fund's net assets.

[] PUT OPTIONS. The Fund, for liquidity purposes only, may purchase from banks municipal securities together with the right to resell ("put") the securities to the seller. A separate put option may not be marketable or otherwise assignable, and the sale of the security to a third-party or a lapse of time during

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which the put is unexercised may terminate the right to exercise the put. The Fund does not expect to assign any value to any separate put option which may be acquired to facilitate portfolio liquidity inasmuch as the value, if any, of the put will be reflected in the value assigned to the associated security.

[] VARIABLE RATE DEMAND NOTES. The Fund may purchase variable rate demand notes ("VRDNs") which are tax-exempt obligations that contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the unpaid principal balance plus accrued interest upon a short notice period. The Fund may also invest in VRDNs in the form of participation interests in variable rate tax-exempt obligations held by a financial institution, typically a commercial bank.

[] WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may also purchase and sell municipal securities on a "when issued" and "delayed delivery" basis. These transactions are subject to market fluctuation and the value at delivery may be more or less than the purchase or sale price. Since the Fund relies on the buyer or seller, as the case may be, to consummate the transaction, failure by the other party to complete the transaction may result in the Fund missing the opportunity of obtaining a price or yield considered to be advantageous. When the Fund is the buyer in such a transaction, however, it will maintain, in a segregated account with its custodian, cash or high grade marketable securities having an aggregate value equal to the amount of such purchase commitments until payment is made. In addition, the Fund would mark the "when issued" security to market each day for purposes of portfolio valuation. To the extent the Fund engages in "when issued" and "delayed delivery" transactions, it will do so for the purpose of acquiring securities for the Fund's portfolio consistent with its investment objective and policies and not for the purpose of investment leverage. As a fundamental policy, securities purchased on a "when issued" and "delayed delivery" basis may not constitute more than 10% of the Fund's net assets.

[] ZERO COUPON SECURITIES. The Fund may invest without limitation as to amount in zero coupon securities. Zero coupon securities are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest. They are issued and traded at a discount from their face amount or par value, which discount varies depending on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security and the perceived credit quality of the issuer. Original issue discount earned on zero coupon securities is included in the Fund's income. The market prices of zero coupon securities generally are more volatile than the prices of securities that pay interest periodically and in cash and are likely to respond to changes in interest rates to a greater degree than do other types of debt securities having similar maturities and credit quality.

In addition, the Fund is subject to certain investment restrictions, some of which may be changed only with the approval of shareholders. See the Statement of Additional Information for a list of these additional restrictions and for additional information concerning the characteristics of municipal securities.

PORTFOLIO TRANSACTIONS

The Board of Trustees of the Fund monitors the composition of, and purchases in, the Fund's portfolio to insure consistency with the stated investment objective and policies of the Fund. Among the responsibilities of the Adviser under the Investment Advisory Agreement is the selection of broker-dealers through whom

transactions in the Fund's portfolio securities will be effected. The primary aim in allocation by the Adviser of portfolio transactions to brokers is the attainment of the best execution of all such transactions. If more than one broker is able to provide the best execution, securities may be purchased from or sold to brokers who have furnished research to the Adviser. Although such research may be used by the Adviser in servicing accounts other than the Fund, the receipt of such research will be taken into account in the selection of brokers only to the extent that such

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research is primarily intended to benefit the Fund. The Fund and the Adviser also may take into account the sale of Fund shares in selecting broker-dealers to execute transactions. For further information see "Brokerage Policies of the Fund" in the Statement of Additional Information.

A change in securities held by the Fund is known as "portfolio turnover." See "Financial Highlights" for the Fund's portfolio turnover rate for the past ten fiscal years. Municipal bonds may be purchased or sold without regard to the length of time they have been held, to attempt to take advantage of short-term differentials in yields with the objective of seeking income while conserving capital. While short-term trading increases portfolio turnover, the Fund incurs little or no brokerage costs with respect to such transactions since most purchases made by the Fund are principal transactions at net prices.

RISK CONSIDERATIONS

In addition to those considerations discussed in "How Risky is the Fund?", investing in the Fund includes the following considerations.

o CONCENTRATION IN NEW YORK ISSUERS. Because the Fund will ordinarily invest 80% or more of its assets in the obligations of New York State, its municipalities, agencies and instrumentalities (collectively, "New York Issuers") which are exempt from Federal, New York State and New York City personal income taxes, it is more susceptible to factors affecting the State and other New York Issuers than is a comparable municipal bond fund whose investments are not concentrated in the obligations of issuers located in a single state. See "Appendix A" to this Prospectus for additional information relating to the risks associated with concentration of investments in New York municipal securities.

o CREDIT QUALITY. At least 80% of the Fund's net assets which are invested in tax-exempt obligations will be invested in securities which have received investment grade ratings from an NRSRO or in unrated securities, which in the opinion of the Manager, are of comparable quality. Tax-exempt obligations which are in the lowest categories of investment grade ratings (e.g. those rated BBB by Standard and Poor's Ratings Group ["S&P"] or Baa by Moody's Investors Services, Inc. ["Moody's"]) have speculative characteristics and a weakened capacity to repay principal and pay interest. The Fund may invest up to 20% of its net assets in high-yield, lower-rated tax exempt securities or in such lower rated securities. Investments in these securities present different risks than investments in higher-rated securities, including an increased sensitivity to adverse economic changes or individual developments and a higher rate of default. Certain risks are associated with applying credit ratings as a method for evaluating high yield securities. Credit ratings evaluate the safety of scheduled payments, not market value risk of high yield securities. Since credit rating agencies may fail to timely change the credit ratings to reflect subsequent events, the Manager must monitor the issuers of high yield securities in its portfolio to determine if the issuers will have sufficient cash flow and profits to meet required payments, and to attempt to assure the liquidity of the securities so the Fund can meet redemption requests. The Fund may retain a portfolio security whose rating has been changed.

The dollar weighted average of credit ratings of all bonds rated by NRSROs held by the Fund during the year ended December 31, 1995, computed on a monthly basis, as a percentage of the Fund's total portfolio, separated into each rating category established by S&P, Fitch Investor Services, Inc. ("Fitch") and Duff & Phelps ("D&P") (AAA, AA, A, BBB, BB, B or lower), and Moody's (Aaa, Aa, A, Baa, Ba, B or lower), were, respectively, __%, __%, __%, __%, __% and __%. Unrated bonds comprised 20% of the Fund's total investments. Unrated bonds, which are backed by a letter of credit or guaranteed by financial institutions or agencies, may be deemed by the Manager or by the Board of Trustees to be comparable in quality to securities as to which quality ratings have been ascribed by S & P, Moody's, Fitch or D&P based upon quality or upon an existing rating of the issuer of the letter of credit, institution, or agency. Unrated bonds also may be deemed to be comparable in quality to investment

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grade securities by the Trustees under circumstances where such unrated bonds have credit characteristics which are comparable to those of similar rated issuers. Based upon the weighted average of credit ratings of those bonds which were rated by an NRSRO and unrated securities of comparable quality as determined by either the Manager or the Trustees, as the case may be, which were held by the Fund during the year ended December 31, 1995 computed on a monthly basis, the percentages of the Fund's assets which were invested either in bonds rated by an NRSRO or in bonds which, although unrated by an NRSRO, are considered by the Manager or the Trustees to be of comparable quality to rated securities, as separated into each rating category established by S&P, Moody's, Fitch or D&P as described above, were respectively __%, __%, __%, __%, __% and __%. Bonds which were neither rated by an NRSRO nor considered by the Manager or the Trustees to be comparable to rated securities constituted __% of the Fund's total assets.

o MANAGEMENT OF CREDIT RISK. Because 20% of the Fund's assets which are invested in tax-exempt obligations may be invested in securities which are rated below the lowest investment grade categories rated by an NRSRO, or in securities which are unrated, the Fund is dependent on the Manager's judgment, analysis and experience in evaluating the quality of such obligations. In evaluating the credit quality of a particular issue, whether rated or unrated, the Manager will normally take into consideration, among other things, the financial resources of the issuer (or, as appropriate, of the underlying source of the funds for debt service), its sensitivity to economic conditions and trends, any operating history of and the community support for the facility financed by the issue, the ability of the issuer's management and regulatory matters. The Manager will attempt to reduce the risks inherent in investments in such obligations through active portfolio management, diversification, credit analysis and attention to current developments and trends in the economy and the financial markets.

o DEFAULT. The Fund will also take such action as it considers appropriate in the event of anticipated financial difficulties, default or bankruptcy of either the issuer of any such obligation or of the underlying source of funds for debt service. Such action may include retaining the services of various persons and firms to evaluate or protect any real estate, facilities or other assets securing any such obligation or acquired by the Fund as a result of any such event. The Fund will incur additional expenditures in taking protective action with respect to portfolio obligations in default and assets securing such obligations, and, as a result, the Fund's net asset value could be adversely affected. Any income derived from the Fund's ownership or operation of assets acquired as a result of such actions would not be tax-exempt.

HOW THE FUND IS MANAGED

ORGANIZATION AND HISTORY. Rochester Fund Municipals conducted operations as a close-end investment company from December 1982 until May 1986, at which time it commenced operations as an open-end investment company. The Fund is a non-diversified management investment company with an unlimited number of authorized shares of beneficial interest.

The Fund is a Massachusetts business trust and is governed by a Board of Trustees, which is responsible under Massachusetts law for protecting the interests of shareholders. The Trustees meet periodically to oversee the Fund's activities, review its performance, and review the actions of the Manager. The "Trustees and Officers of the Fund" section in the Statement of Additional Information lists the Trustees and provides more information about them and the officers of the Fund. Although the Fund is not required by law to hold annual meetings, it may hold shareholder meetings from time to time on important matters, and shareholders have the right to call a meeting to remove a Trustee or to take other action described in the Fund's Declaration of Trust. The Board of Trustees has the power, without shareholder approval, to divide unissued shares of the Fund into two or more classes. The Board has not done so as of this date. Please refer to "How the Fund is Managed" in the Statement of Additional Information on voting of shares.

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THE MANAGER AND ITS AFFILIATES. The Fund is managed by OppenheimerFunds, Inc., which is responsible for selecting the Fund's investments and handles its day-to-day business. The Manager carries out its duties, subject to the policies established by the Board of Trustees, under an Investment Advisory Agreement which states the Manager's responsibilities. The Agreement sets forth the fees paid by the Fund to the Manager and describes the expenses that the Fund is responsible to pay to conduct its business.

The Manager has operated as an investment adviser since 1959. The Manager and its affiliates currently manages investment companies, including other

Oppenheimer funds, with assets of more than \$__ billion as of December 31, 1995, and with more than __ million shareholder accounts. The Manager is owned by Oppenheimer Acquisition Corp., a holding company that is owned in part by senior officers of the Manager and controlled by Massachusetts Mutual Life Insurance Company.

o PORTFOLIO MANAGER. The Portfolio Manager of the Fund is Ronald H. Fielding. He has been the person principally responsible for the day-to-day management of the Fund's portfolio since the Fund's inception. Mr. Fielding is Vice President of the Fund and has also served as an officer and director of the Fund's previous investment advisers and their affiliates.

o FEES AND EXPENSES. Under the Investment Advisory Agreement, the Fund pays the Manager the following annual fees: 0.54% of the first \$100 million of average daily net assets, 0.52% of the next \$150 million of average daily net assets, 0.47% of the next \$1,750 million of average daily net assets, 0.46% of the next \$3 billion of average daily net assets and 0.45% of average daily net assets over \$5 billion. The Fund's management fee for its last fiscal year ended December 31, 1995 was ___% of average annual net assets for its shares.

The Fund pays expenses related to its daily operations, such as custodian fees, Trustees' fees, transfer agency fees, legal and auditing costs. Those expenses are paid out of the Fund's assets and are not paid directly by shareholders. However, those expenses reduce the net asset value of shares, and therefore are indirectly borne by shareholders through their investment. More information about the Investment Advisory Agreement and the other expenses paid by the Fund is contained in the Statement of Additional Information.

There is also information about the Fund's brokerage policies and practices in "Brokerage Policies of the Fund" in the Statement of Additional Information. That section discusses how brokers and dealers are selected for the Fund's portfolio transactions. When deciding which brokers to use, the Manager is permitted to consider whether brokers have sold shares of the Fund or any other funds for which the Manager serves as investment adviser.

o THE DISTRIBUTOR. The Fund's shares are sold through dealers and brokers that have a sales agreement with OppenheimerFunds Distributor, Inc., a subsidiary of the Manager that acts as the Distributor. The Distributor also distributes the shares of other mutual funds managed by the Manager (the "Oppenheimer funds") and is sub-distributor for funds managed by a subsidiary of the Manager.

o THE TRANSFER AGENT. The Fund's transfer agent is OppenheimerFunds Services, a division of the Manager, which acts as the shareholder servicing agent for the Fund and the other Oppenheimer funds. Shareholders should direct inquiries about their account to the Transfer Agent at the address and toll-free numbers shown below in this Prospectus and on the back cover.

PERFORMANCE OF THE FUND

EXPLANATION OF PERFORMANCE TERMINOLOGY. The Fund uses the terms "total return", "average annual total return" and "yield" to illustrate its performance. This performance information may be useful to

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help you see how well your investment has done and to compare it to other funds or market indices, as we have done below. It is important to understand that the Fund's total returns represent past performance and should not be considered to be predictions of future returns or performance. This performance data is described below, but more detailed information about how total returns are calculated is contained in the Statement of Additional Information, which also contains information about other ways to measure and compare the Fund's performance. The Fund's investment performance will vary over time, depending on market conditions, the composition of the portfolio, expenses and which class of shares you purchase.

o TOTAL RETURNS. There are different types of total returns used to measure the Fund's performance. Total return is the change in value of a hypothetical investment in the Fund over a given period, assuming that all dividends and capital gains distributions are reinvested in additional shares. The cumulative total return measures the change in value over the entire period (for example, ten years). An average annual total return shows the average rate of return for each year in a period that would produce the cumulative total return over the entire period. However, average annual total returns do not show the Fund's actual year-by-year performance.

When total returns are quoted, normally they include the payment of the current maximum initial sales charge. Total returns may also be quoted "at net asset value," without including the sales charge, and those returns would be reduced if sales charges were deducted.

o YIELD. The Fund calculates its yield by dividing the annualized net investment income per share on the portfolio during a 30-day period by the maximum offering price on the last day of the period. The yield data represents a hypothetical investment return on the portfolio, and does not measure an investment return based on dividends actually paid to shareholders. To show that return, a dividend yield may be calculated. Dividend yield is calculated by dividing the dividends derived from net investment income during a stated period by the maximum offering price on the last day of the period. Yields and dividend yields for shares reflect the deduction of the maximum initial sales charge, but may also be shown based on the Fund's net asset value per share.

For additional information regarding the calculation of yield and total return, see "Performance of the Fund" in the Statement of Additional Information. Further information about the Fund's performance is set forth in the Fund's Annual Report to Shareholders, which may be obtained upon request at no charge.

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ABOUT YOUR ACCOUNT

HOW TO BUY SHARES

If you buy shares, you pay an initial sales charge on investments. If you purchase shares as part of an investment of at least \$1 million in shares of one or more Oppenheimer funds, you will not pay an initial sales charge but if you sell any of those shares within 18 months of buying them, you may pay a contingent deferred sales charge. The amount of that sales charge will vary depending on the amount you invested. Sales charge rates are described in "Buying Shares" below.

How Much Must You Invest? You can open a Fund account with a minimum initial investment of \$2,000 and make additional investments at any time with as little as \$100. There are reduced minimum investments under special investment plans:

With Asset Builder Plans, Automatic Exchange Plans, 403(b)(7) custodial plans and military allotment plans, you can make initial and subsequent investments for as little as \$25; and subsequent purchases of at least \$25 can be made by telephone through AccountLink.

There is no minimum investment requirement if you are buying shares by reinvesting dividends from the Fund or other Oppenheimer funds (a list of them appears in the Statement of Additional Information, or you can ask your dealer or call the Transfer Agent), or by reinvesting distributions from unit investment trusts that have made arrangements with the Distributor.

o HOW ARE SHARES PURCHASED? You can buy shares several ways -- through any dealer, broker or financial institution that has a sales agreement with the Distributor, or directly through the Distributor, or automatically from your bank account through an Asset Builder Plan under the OppenheimerFunds AccountLink service.

o BUYING SHARES THROUGH YOUR DEALER. Your dealer will place your order with the Distributor on your behalf.

o BUYING SHARES THROUGH THE DISTRIBUTOR. Complete an OppenheimerFunds New Account Application and return it with a check payable to "OppenheimerFunds Distributor, Inc." Mail it to P.O. Box 5270, Denver, Colorado 80217. If you do not list a dealer on the application, the Distributor will act as your agent in buying the shares. However, we recommend that you discuss your investment first with a financial advisor to be sure it is appropriate for you.

o BUYING SHARES THROUGH OPPENHEIMERFUNDS ACCOUNTLINK. You can use AccountLink to link your Fund account with an account at a U.S. bank or other financial institution that is an Automated Clearing House (ACH) member. You can then transmit funds electronically to purchase shares, to have the Transfer Agent send redemption proceeds, or to transmit dividends and distributions.

Shares are purchased for your account on AccountLink on the regular business day the Distributor is instructed by you to initiate the ACH transfer to buy shares. You can provide those instructions automatically, under an Asset Builder Plan, described below, or by telephone instructions using OppenheimerFunds PhoneLink, also described below. You should request AccountLink privileges on

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the application or dealer settlement instructions used to establish your account. Please refer to "AccountLink" below for more details.

o ASSET BUILDER PLANS. You may purchase shares of the Fund (and up to four other Oppenheimer funds) automatically each month from your account at a bank or other financial institution under an Asset Builder Plan with AccountLink. Details are on the Application and in the Statement of Additional Information.

o AT WHAT PRICE ARE SHARES SOLD? Shares are sold at the public offering price based on the net asset value (and any initial sales charge that applies) that is next determined after the Distributor receives the purchase order in Denver. In most cases, to enable you to receive that day's offering price, the Distributor must receive your order by the time of day the New York Stock Exchange closes, which is normally 4:00 P.M., New York time, but may be earlier on some days (all references to time in this Prospectus mean "New York time"). The net asset value of shares is determined as of that time on each day The New York Stock Exchange is open (which is a "regular business day").

If you buy shares through a dealer, the dealer must receive your order by the close of the New York Stock Exchange on a regular business day and transmit it to the Distributor so that it is received before the Distributor's close of business that day, which is normally 5:00 P.M. The Distributor may reject any purchase order for the Fund's shares, in its sole discretion.

BUYING SHARES. Shares are sold at their offering price, which is normally net asset value plus an initial sales charge. However, in some cases, described below, purchases are not subject to an initial sales charge, and the offering price will be the net asset value. In some cases, reduced sales charges may be available, as described below. Out of the amount you invest, the Fund receives the net asset value to invest for your account. The sales charge varies depending on the amount of your purchase. A portion of the sales charge may be retained by the Distributor and allocated to your dealer as a commission. The current sales charge rates and commissions paid to dealers and brokers are as follows:

<TABLE>
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Amount	Front End Sales Charge as a Percentage of:		Commission as a Percentage of: Offering Price
	Offering Price	Amount Invested	
<S>	<C>	<C>	<C>
Less than \$100,000	4.00%	4.17%	3.50%
\$100,000 or more but less than \$250,000	3.35%	3.47%	3.00%
\$250,000 or more but less than \$500,000	2.75%	2.83%	2.50%
\$500,000 or more but less than \$1,000,000	2.25%	2.30%	2.00%
\$1,000,000 or more but less than \$4,000,000	1.25%	1.27%	1.00%
Over \$4,000,000	0.75%	0.76%	0.60%

</TABLE>

The Distributor reserves the right to reallocate the entire commission to dealers. If that occurs, the dealer may be considered an "underwriter" under Federal securities laws.

o SPECIAL ARRANGEMENTS WITH DEALERS. The Distributor may advance up to 13 months' commissions to dealers that have established special arrangements with the Distributor for Asset Builder Plans for their clients. Dealers whose sales of Class A shares of Oppenheimer funds (other than money market funds) under OppenheimerFunds-sponsored 403(b)(7) custodial plans exceed \$5 million per year (calculated per quarter) will receive monthly one-half of the Distributor's retained commissions on those sales, and if those sales exceed \$10 million per year, those dealers will receive the Distributor's entire retained commission on

those sales.

REDUCED SALES CHARGES FOR PURCHASES. You may be eligible to buy shares at reduced sales charge rates in one or more of the following ways:

o RIGHT OF ACCUMULATION. To qualify for the lower sales charge rates that apply to larger purchases of shares, you and your spouse can add together shares you purchase for your individual accounts, or jointly, or for trust or custodial accounts on behalf of your children who are minors. A fiduciary can count all shares purchased for a trust, estate or other fiduciary account (including one or more employee benefit plans of the same employer) that has multiple accounts.

Additionally, you can add together current purchases of shares of the Fund and other Oppenheimer funds to reduce the sales charge rate that applies to current purchases of shares. You can also count Class A and Class B shares of Oppenheimer funds you previously purchased subject to an initial or contingent deferred sales charge to reduce the sales charge rate for current purchases of shares, provided that you still hold your investment in one of the Oppenheimer funds. The value of those shares will be based on the greater of the amount you paid for the shares or their current value (at offering price). The Oppenheimer funds are listed in "Reduced Sales Charges" in the Statement of Additional Information, or a list can be obtained from the Distributor. The reduced sales charge will apply only to current purchases and must be requested when you buy your shares.

o LETTER OF INTENT. Under a Letter of Intent, you may purchase shares or Class A shares and Class B shares of other Oppenheimer funds during a 13-month period, you can reduce the sales charge rate that applies to your purchases of Fund shares. The total amount of your intended purchases will determine the reduced sales charge rate for the shares purchased during that period. This can include purchases made up to 90 days before the date of the Letter. More information is contained in the Application and in "Reduced Sales Charges" in the Statement of Additional Information.

o GROUP PURCHASES. An individual who is a member of a qualified group may also purchase shares of the Fund at the reduced sales load applicable to the group taken as a whole. The sales load is based upon the aggregate amount of shares previously purchased and still owned by the group, plus the securities currently being purchased. A "qualified group" is one with more than 10 members and which (i) has been in existence for more than six months, (ii) has a purpose other than acquiring shares of the Fund at a discount and (iii) has satisfied uniform criteria which enables the Distributor to realize economies of scale in its costs of distributing shares.

o WAIVERS OF SALES CHARGES. The sales charges are not imposed in the circumstances described below. There is an explanation of this policy in "Reduced Sales Charges" in the Statement of Additional Information.

Waivers of Sales Charges for Certain Purchasers. Shares purchased by the following investors are not subject to any sales charges:

the Manager or its affiliates;

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present or former officers, directors, trustees and employees (and their "immediate families" as defined in "Reduced Sales Charges" in the Statement of Additional Information) of the Fund, the Manager and its affiliates, and retirement plans established by them for their employees;

registered management investment companies, or separate accounts of insurance companies having an agreement with the Manager or the Distributor for that purpose;

dealers or brokers that have a sales agreement with the Distributor, if they purchase shares for their own accounts or for retirement plans for their employees;

employees and registered representatives (and their spouses) of dealers or brokers described above or financial institutions that have entered into sales arrangements with such dealers or brokers (and are identified to the Distributor) or with the Distributor; the purchaser must certify to the Distributor at the time of purchase that the purchase is for the purchaser's own account (or for the benefit of such employee's spouse or minor children);

dealers, brokers or registered investment advisers that have entered into an agreement with the Distributor providing specifically for the use of shares of the Fund in particular investment products made available to their clients (those clients may be charged a transaction fee by their dealer, broker or adviser on the purchase or sale of Fund shares);

[] dealers, brokers or registered investment advisers that have entered into an agreement with the Distributor to sell shares to defined contribution employee retirement plans for which the dealer, broker or investment adviser provides administrative services, and

[] trust companies and bank trust departments for funds held in a fiduciary, agency, custodial or similar capacity.

o SERVICE PLAN FOR SHARES. The Fund has adopted a Service Plan for shares to reimburse the Distributor for a portion of its costs incurred in connection with the personal service and maintenance of accounts that hold shares. Reimbursement is made quarterly at an annual rate that may not exceed 0.25% of the average annual net assets of shares of the Fund. The Distributor uses all of those fees to compensate dealers, brokers, banks and other financial institutions quarterly for providing personal service and maintenance of accounts of their customers that hold shares and to reimburse itself (if the Fund's Board of Trustees authorizes such reimbursements, which it has not yet done) for its other expenditures under the Plan.

Services to be provided include, among others, answering customer inquiries about the Fund, assisting in establishing and maintaining accounts in the Fund, making the Fund's investment plans available and providing other services at the request of the Fund or the Distributor. Payments are made by the Distributor quarterly at an annual rate not to exceed 0.25% of the average annual net assets of shares held in accounts of the dealer or its customers. The payments under the Plan increase the annual expenses of shares. For more details, please refer to "Distribution and Service Plans" in the Statement of Additional Information.

SPECIAL INVESTOR SERVICES

ACCOUNTLINK. OppenheimerFunds AccountLink links your Fund account to your account at your bank or other financial institution to enable you to send money electronically between those accounts to perform a number of types of account transactions. These include purchases of shares by telephone (either through a service representative or by PhoneLink, described below), automatic investments under Asset Builder Plans, and sending dividends and distributions or Automatic Withdrawal Plan payments

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directly to your bank account. Please refer to the Application for details or call the Transfer Agent for more information.

AccountLink privileges must be requested on the Application you use to buy shares, or on your dealer's settlement instructions if you buy your shares through your dealer. After your account is established, you can request AccountLink privileges on signature-guaranteed instructions to the Transfer Agent. AccountLink privileges will apply to each shareholder listed in the registration on your account as well as to your dealer representative of record unless and until the Transfer Agent receives written instructions terminating or changing those privileges. After you establish AccountLink for your account, any change of bank account information must be made by signature-guaranteed instructions to the Transfer Agent signed by all shareholders who own the account.

o USING ACCOUNTLINK TO BUY SHARES. Purchases may be made by telephone only after your account has been established. To purchase shares in amounts up to \$250,000 through a telephone representative, call the Distributor at 1-800-852-8457. The purchase payment will be debited from your bank account.

o PHONELINK. PhoneLink is the Oppenheimer funds automated telephone system that enables shareholders to perform a number of account transactions automatically using a touch-tone phone. PhoneLink may be used on already-established Fund accounts after you obtain a Personal Identification Number (PIN), by calling the special PhoneLink number: 1-800-533-3310.

[] Purchasing Shares. You may purchase shares in amounts up to \$100,000 by phone, by calling 1-800-533-3310. You must have established AccountLink privileges to link your bank account with the Fund, to pay for these purchases.

[] Exchanging Shares. With the Oppenheimer funds exchange privilege, described below, you can exchange shares automatically by phone from your Fund account to another Oppenheimer funds account you have already established by calling the special PhoneLink number. Please refer to "How to Exchange Shares," below, for details.

[] Selling Shares. You can redeem shares by telephone automatically by calling the PhoneLink number and the Fund will send the proceeds directly to your AccountLink bank account. Please refer to "How to Sell Shares," below, for details.

AUTOMATIC WITHDRAWAL AND EXCHANGE PLANS. The Fund has several plans that enable you to sell shares automatically or exchange them to another Oppenheimer funds account on a regular basis:

o AUTOMATIC WITHDRAWAL PLANS. If your Fund account is \$5,000 or more, you can establish an Automatic Withdrawal Plan to receive payments of at least \$50 on a monthly, quarterly, semi-annual or annual basis. The checks may be sent to you or sent automatically to your bank account on AccountLink. You may even set up certain types of withdrawals of up to \$1,500 per month by telephone. You should consult the Application and Statement of Additional Information for more details.

o AUTOMATIC EXCHANGE PLANS. You can authorize the Transfer Agent to exchange an amount you establish in advance automatically for shares of up to five other Oppenheimer funds on a monthly, quarterly, semi-annual or annual basis under an Automatic Exchange Plan. The minimum purchase for each Oppenheimer funds account is \$25. These exchanges are subject to the terms of the Exchange Privilege, described below.

REINVESTMENT PRIVILEGE. If you redeem some or all of your shares of the Fund, you have up to 90 days to reinvest all or part of the redemption proceeds in shares of the Fund or other Oppenheimer funds without paying a sales charge. This privilege applies to shares that you purchased subject to an initial

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sales charge. You must be sure to ask the Distributor for this privilege when you send your payment. Please consult the Statement of Additional Information for more details.

HOW TO SELL SHARES

You can arrange to take money out of your account on any regular business day by selling (redeeming) some or all of your shares. Your shares will be sold at the next net asset value calculated after your order is received and accepted by the Transfer Agent. The Fund offers you a number of ways to sell your shares: in writing or by telephone. You can also set up Automatic Withdrawal Plans to redeem shares on a regular basis, as described above. If you have questions about any of these procedures, and especially if you are redeeming shares in a special situation, such as due to the death of the owner, or from a retirement plan, please call the Transfer Agent first, at 1-800-525-7048, for assistance.

o CERTAIN REQUESTS REQUIRE A SIGNATURE GUARANTEE. To protect you and the Fund from fraud, certain redemption requests must be in writing and must include a signature guarantee in the following situations (there may be other situations also requiring a signature guarantee):

- You wish to redeem more than \$50,000 worth of shares and receive a check
- The redemption check is not payable to all shareholders listed on the account statement
- The redemption check is not sent to the address of record on your account statement
- Shares are being transferred to a Fund account with a different owner or name
- Shares are redeemed by someone other than the owners (such as an executor)

o WHERE CAN I HAVE MY SIGNATURE GUARANTEED? The Transfer Agent will accept a guarantee of your signature by a number of financial institutions, including: a U.S. bank, trust company, credit union or savings association, or by a foreign bank that has a U.S. correspondent bank, or by a U.S. registered dealer or broker in securities, municipal securities or government securities, or by a U.S. national securities exchange, a registered securities association or a clearing agency. If you are signing on behalf of a corporation, partnership or other business, or as a fiduciary, you must also include your title in the signature.

SELLING SHARES BY MAIL. Write a "letter of instructions" that includes:

- Your name
- The Fund's name
- Your Fund account number (from your account statement)
- The dollar amount or number of shares to be redeemed
- Any special payment instructions
- Any share certificates for the shares you are selling
- The signatures of all registered owners exactly as the account is registered, and
- Any special requirements or documents requested by the Transfer Agent to assure proper authorization of the person asking to sell shares.

USE THE FOLLOWING ADDRESS FOR REQUESTS BY MAIL:

OppenheimerFunds Services
P.O. Box 5270
Denver, Colorado 80217

SEND COURIER OR EXPRESS MAIL REQUESTS TO:

OppenheimerFunds Services
10200 E. Girard Avenue, Building D
Denver, Colorado 80231

SELLING SHARES BY TELEPHONE. You and your dealer representative of record may also sell your shares by telephone. To receive the redemption price on a regular business day, your call must be received by

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the Transfer Agent by the close of The New York Stock Exchange that day, which is normally 4:00 P.M., but may be earlier on some days. Shares held in an OppenheimerFunds retirement plan or under a share certificate may not be redeemed by telephone.

- To redeem shares through a service representative, call 1-800-852-8457
- To redeem shares automatically on PhoneLink, call 1-800-533-3310

Whichever method you use, you may have a check sent to the address on the account statement, or, if you have linked your Fund account to your bank account on AccountLink, you may have the proceeds wired to that bank account.

o TELEPHONE REDEMPTIONS PAID BY CHECK. Up to \$50,000 may be redeemed by telephone in any 7-day period. The check must be payable to all owners of record of the shares and must be sent to the address on the account. This service is not available within 30 days of changing the address on an account.

o TELEPHONE REDEMPTIONS THROUGH ACCOUNTLINK. There are no dollar limits on telephone redemption proceeds sent to a bank account designated when you establish AccountLink. Normally the ACH wire to your bank is initiated on the business day after the redemption. You do not receive dividends on the proceeds of the shares you redeemed while they are waiting to be wired.

CHECKWRITING. To be able to write checks against your Fund account, you may request that privilege on your account Application or you can contact the Transfer Agent for signature cards, which must be signed (with a signature guarantee) by all owners of the account and returned to the Transfer Agent so that checks can be sent to you to use. Shareholders with joint accounts can elect in writing to have checks paid over the signature of one owner.

- Checks can be written to the order of whomever you wish, but may not be cashed at the Fund's bank or custodian.
- Checks must be written for at least \$100.
- Checks cannot be paid if they are written for more than your account value. Remember: your shares fluctuate in value and you should not write a check close to the total account value.
- You may not write a check that would require the Fund to redeem shares that were purchased by check or Asset Builder Plan payments within the prior 15 days.
- Do not use your checks if you changed your Fund account number.

SELLING SHARES THROUGH YOUR DEALER. The Distributor has made arrangements to repurchase Fund shares from dealers and brokers on behalf of their customers. Brokers or dealers may charge for that service. Please refer to "Special Arrangements for Repurchase of Shares from Dealers and Brokers" in the Statement of Additional Information for more details.

HOW TO EXCHANGE SHARES

Shares of the Fund may be exchanged for shares of certain Oppenheimer funds at net asset value per share at the time of exchange, without sales charge.

- Shares of the fund selected for exchange must be available for sale in your state of residence.
- The prospectuses of this Fund and the fund whose shares you want to buy must offer the exchange privilege.

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- You must hold the shares you buy when you establish your account for at

least 7 days before you can exchange them; after the account is open 7 days, you can exchange shares every regular business day.

You must meet the minimum purchase requirements for the fund you purchase by exchange.

Before exchanging into a fund, you should obtain and read its prospectus.

Shares of a particular class may be exchanged only for shares of the same class in the other Oppenheimer funds. For example, you can exchange shares of this Fund only for Class A shares of another fund. At present, not all of the Oppenheimer funds offer Class B and Class C shares. If a fund has only one class of shares that does not have a class designation such as the Fund, they are "Class A" shares for exchange purposes. A list showing which funds offer which classes can be obtained by calling the Agent at 1-800-525-7048. In some cases, sales charges may be imposed on exchange transactions. Please refer to "How to Exchange Shares" in the Statement of Additional Information for more details.

Exchanges may be requested in writing or by telephone:

WRITTEN EXCHANGE REQUESTS. Submit an OppenheimerFunds Exchange Request form, signed by all owners of the account. Send it to the Transfer Agent at the addresses listed in "How to Sell Shares."

TELEPHONE EXCHANGE REQUESTS. Telephone exchange requests may be made either by calling a service representative at 1-800-852-8457 or by using PhoneLink for automated exchanges, by calling 1-800-533-3310. Telephone exchanges may be made only between accounts that are registered with the same name(s) and address. Shares held under certificates may not be exchanged by telephone.

You can find a list of Oppenheimer funds currently available for exchanges in the Statement of Additional Information or by calling a service representative at 1-800-525-7048. Exchanges of shares involve a redemption of the shares of the fund you own and a purchase of shares of the other fund.

There are certain exchange policies you should be aware of:

Shares are normally redeemed from one fund and purchased from the other fund in the exchange transaction on the same regular business day on which the Transfer Agent receives an exchange request that is in proper form by the close of The New York Stock Exchange that day, which is normally 4:00 P.M. but may be earlier on some days. However, either fund may delay the purchase of shares of the fund you are exchanging into up to 7 days if it determines it would be disadvantaged by a same-day transfer of the proceeds to buy shares. For example, the receipt of multiple exchange requests from a dealer in a "market-timing" strategy might require the disposition of securities at a time or price disadvantageous to the Fund.

Because excessive trading can hurt fund performance and harm shareholders, the Fund reserves the right to refuse any exchange request that will disadvantage it, or to refuse multiple exchange requests submitted by a shareholder or dealer.

The Fund may amend, suspend or terminate the exchange privilege at any time. Although the Fund will attempt to provide you notice whenever it is reasonably able to do so, it may impose these changes at any time.

If the Transfer Agent cannot exchange all the shares you request because of a restriction cited above, only the shares eligible for exchange will be exchanged.

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The Distributor has entered into agreements with certain dealers and investment advisers permitting them to exchange their clients' shares by telephone. These privileges are limited under those agreements and the Distributor has the right to reject or suspend those privileges. As a result, those exchanges may be subject to notice requirements, delays and other limitations that do not apply to shareholders who exchange their shares directly by calling or writing to the Transfer Agent.

SHAREHOLDER ACCOUNT RULES AND POLICIES

NET ASSET VALUE PER SHARE is determined for the shares as of the close of The New York Stock Exchange, which is normally 4:00 P.M. but may be earlier on some days, on each day the Exchange is open by dividing the value of the Fund's net assets by the number of shares that are outstanding. The Fund's Board of Trustees has established procedures to value the Fund's securities to determine net asset value. In general, securities values are based on market value. There are special procedures for valuing illiquid and restricted securities, obligations for which market values cannot be readily obtained, and call options

and hedging instruments. These procedures are described more completely in the Statement of Additional Information.

o THE OFFERING OF SHARES may be suspended during any period in which the determination of net asset value is suspended, and the offering may be suspended by the Board of Trustees at any time the Board believes it is in the Fund's best interest to do so.

o TELEPHONE TRANSACTION PRIVILEGES for purchases, redemptions or exchanges may be modified, suspended or terminated by the Fund at any time. If an account has more than one owner, the Fund and the Transfer Agent may rely on the instructions of any one owner. Telephone privileges apply to each owner of the account and the dealer representative of record for the account unless and until the Transfer Agent receives cancellation instructions from an owner of the account.

o THE TRANSFER AGENT WILL RECORD ANY TELEPHONE CALLS to verify data concerning transactions and has adopted other procedures to confirm that telephone instructions are genuine, by requiring callers to provide tax identification numbers and other account data or by using PINs, and by confirming such transactions in writing. If the Transfer Agent does not use reasonable procedures it may be liable for losses due to unauthorized transactions, but otherwise neither the Transfer Agent nor the Fund will be liable for losses or expenses arising out of telephone instructions reasonably believed to be genuine. If you are unable to reach the Transfer Agent during periods of unusual market activity, you may not be able to complete a telephone transaction and should consider placing your order by mail.

o REDEMPTION OR TRANSFER REQUESTS WILL NOT BE HONORED UNTIL THE TRANSFER AGENT RECEIVES ALL REQUIRED DOCUMENTS IN PROPER FORM. From time to time, the Transfer Agent in its discretion may waive certain of the requirements for redemptions stated in this Prospectus.

o DEALERS THAT CAN PERFORM ACCOUNT TRANSACTIONS FOR THEIR CLIENTS BY PARTICIPATING IN NETWORKING through the National Securities Clearing Corporation are responsible for obtaining their clients' permission to perform those transactions and are responsible to their clients who are shareholders of the Fund if the dealer performs any transaction erroneously.

o THE REDEMPTION PRICE FOR SHARES WILL VARY from day to day because the value of the securities in the Fund's portfolio fluctuates. The redemption price is the net asset value per share. Therefore, the redemption value of your shares may be more or less than their original cost.

o PAYMENT FOR REDEEMED SHARES is made ordinarily in cash and forwarded by check or through AccountLink (as elected by the shareholder under the redemption procedures described above) within 7 days after the Transfer Agent receives redemption instructions in proper form, except under unusual

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circumstances determined by the Securities and Exchange Commission delaying or suspending such payments. For accounts registered in the name of a broker-dealer, payment will be forwarded within 3 business days. The Transfer Agent may delay forwarding a check or processing a payment via AccountLink for recently purchased shares, but only until the purchase payment has cleared. That delay may be as much as 10 days from the date the shares were purchased. That delay may be avoided if you purchase shares by certified check or arrange to have your bank provide telephone or written assurance to the Transfer Agent that your purchase payment has cleared.

o INVOLUNTARY REDEMPTIONS OF SMALL ACCOUNTS may be made by the Fund if the account value has fallen below \$200 for reasons other than the fact that the market value of shares has dropped, and in some cases involuntary redemptions may be made to repay the Distributor for losses from the cancellation of share purchase orders.

o UNDER UNUSUAL CIRCUMSTANCES, shares of the Fund may be redeemed "in kind", which means that the redemption proceeds will be paid with securities from the Fund's portfolio. Please refer to "How to Sell Shares" in the Statement of Additional Information for more details.

o "BACKUP WITHHOLDING" of Federal income tax may be applied at the rate of 31% from dividends, distributions and redemption proceeds (including exchanges) if you fail to furnish the Fund a certified Social Security or Employer Identification Number when you sign your application, or if you violate Internal Revenue Service regulations on tax reporting of income.

o THE FUND DOES NOT CHARGE A REDEMPTION FEE, but if your dealer or broker handles your redemption, they may charge a fee. That fee can be avoided by redeeming your Fund shares directly through the Transfer Agent.

o TO AVOID SENDING DUPLICATE COPIES OF MATERIALS TO HOUSEHOLDS, the Fund will mail only one copy of each annual and semi-annual report to shareholders having the same last name and address on the Fund's records. However, each shareholder may call the Transfer Agent at 1-800-525-7048 to ask that copies of those materials be sent personally to that shareholder.

DIVIDENDS, CAPITAL GAINS AND TAXES

There are two types of distributions which the Fund may make to its shareholders, income dividends and capital gain distributions.

o INCOME DIVIDENDS. The Fund receives income in the form of interest paid by its investments. This income, less the expenses incurred in the Fund's operations, is referred to as net investment income. Income dividends are declared and recorded each day based on estimated net investment income. Such dividends are paid monthly. Investors earn such dividends beginning on the day payment for shares is received to the day prior to the settlement date of redemption. For federal tax purposes, all distributions declared in the fourth quarter of any calendar year are deemed paid in that calendar year even if they are distributed in January of the following year. Any net gain the Fund may realize from transactions in securities held less than the period required for long term capital gain recognition (taking into account any carryover of capital losses from previous years), while technically a distribution from capital gains, is taxed as an income dividend under the Code.

o CAPITAL GAIN DISTRIBUTIONS. If, during any fiscal year, the Fund realizes a net gain on transactions in securities held more than the period required for long-term capital gain recognition, it has a net long term capital gain. After deduction of the amount of any net short-term loss, the balance may be used to offset any carryover of capital losses from previous years, or, if there is no loss carryover, will be

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paid out to shareholders as a capital gain distribution. Capital gain distributions, if any, will be paid to shareholders of record prior to the end of each calendar year.

Because the value of Fund shares is based directly on the amount of net assets, rather than on the principle of supply and demand, any distribution of income or capital gains will result in a decrease in the value of Fund shares equal to the amount of the distribution.

All dividends and capital gain distributions are paid in additional full and fractional shares at net asset value for each shareholder's account unless otherwise requested on the Account Application or by notifying the Fund in writing or by telephone. Notice will be effective for the current dividend or distribution only if it is received by the Fund at least five business days before the record date. Notice received thereafter will be effective commencing with the next dividend or distribution. Income dividends and capital gain distributions will be credited to a shareholder's account in additional shares valued at the closing net asset value (without a sales load).

If the U.S. Postal Service cannot deliver a shareholder's check, or if a shareholder's check remains uncashed for six months, the Fund reserves the right to credit the shareholder's account with additional shares of the Fund at the then current net asset value in lieu of the cash payment and to thereafter issue such shareholder's dividends in additional shares of the Fund.

Stock certificates will not be issued in connection with distributions which are paid in additional shares unless a written request is received and certain other procedures are followed. Call the Transfer Agent for more information. Shareholders will be advised of the nature of a distribution, the number of shares issued and the price following distribution.

In certain circumstances, dividends received from the Fund may cause a portion of Social Security benefits to be subject to federal income tax. See the Statement of Additional Information.

DISTRIBUTION OPTIONS. When you open your account, specify on your application how you want to receive your distributions. For OppenheimerFunds retirement accounts, all distributions are reinvested. For other accounts, you have four options:

o REINVEST ALL DISTRIBUTIONS IN THE FUND. You can elect to reinvest all dividends and long-term capital gains distributions in additional shares of the Fund.

o REINVEST LONG TERM CAPITAL GAINS ONLY. You can elect to reinvest long-term capital gains in the Fund while receiving dividends by check or sent to your bank account on AccountLink.

o RECEIVE ALL DISTRIBUTIONS IN CASH. You can elect to receive a check for all dividends and long-term capital gains distributions or have them sent to your bank on AccountLink.

o REINVEST YOUR DISTRIBUTIONS IN ANOTHER OPPENHEIMER FUNDS ACCOUNT. You can reinvest all distributions in another Oppenheimer funds account you have established.

TAXES

o TAXATION OF THE FUND

During the taxable year ended December 31, 1995, the Fund qualified for treatment as a regulated investment company under Subchapter M of the Code. The Fund generally intends to continue to so qualify for future taxable years. The Fund intends to avoid incurring liability for federal income tax and a 4% excise tax on its investment company taxable income (consisting generally of taxable net

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investment income and net short-term capital gains) and net capital gains by distributing all of that income and gain and by meeting other applicable requirements of the Code.

o TAXATION OF SHAREHOLDERS

By meeting certain requirements of the Code, including the requirement that at the close of each quarter of its taxable year at least 50% of the value of its total assets consists of obligations the interest on which is excludable from gross income under section 103(a) of the Code, the Fund intends to continue to qualify to pay "exempt" interest dividends to its shareholders. Exempt interest dividends designated as such by the Fund may be excluded from a shareholder's gross income for federal income tax purposes. To the extent that dividends are derived from earnings on interest attributable to obligations of New York and its political subdivisions, Puerto Rico, or other U.S. possessions, they will also be excluded from a New York shareholder's gross income for New York State and New York City personal income tax purposes.

Although exempt-interest dividends will not be subject to federal income tax for Fund shareholders, a portion of such dividends which is derived from interest on certain "private activity" bonds, will give rise to a tax preference item which could subject a shareholder to, or increase a shareholder's liability under, the Federal alternative minimum tax, depending on the shareholder's individual tax situation.

To the extent dividends are derived from options trading, temporary taxable investments, an excess of net short-term capital gain over net long-term capital loss or accretion of market discount those dividends are taxable as ordinary income for federal income tax purposes whether a shareholder has elected to receive dividends in cash or additional Fund shares. Such dividends will not qualify for the dividends-received deduction for corporations. Interest on indebtedness incurred or continued to purchase or carry shares of the Fund is not deductible to the extent the Fund's distributions consist of exempt-interest dividends. Distributions, if any, of net capital gain, when designated as such, will be treated as long-term capital gains by each shareholder regardless of the length of time the shareholder has owned Fund shares and whether the shareholder received them in cash or additional Fund shares.

Information as to the tax status of Fund distributions will be provided annually including information as to which portions are taxable or tax exempt. In addition, information will be provided annually identifying the portion of exempt-interest dividends that constitutes a tax preference item for shareholders in determining their liability for alternative minimum tax. Shareholders who have not been in the Fund for a full fiscal year may get distributions of income and/or capital gains which are not equivalent to the actual amount applicable to the period for which they have held shares.

For individuals and certain other noncorporate shareholders, including those who fail to certify their taxpayer identification number, taxable dividends, capital gain distributions and proceeds of redemptions will be subject to 31% withholding. Withholding at that rate from taxable dividends and capital gain distributions also is required for such shareholders who otherwise are subject to backup withholding. If the withholding requirements are applicable to a shareholder, any such dividend, distribution or redemption proceeds would be reduced by the amount required to be withheld. Backup withholding from redemption orders requested for shareholders by broker-dealers is the

responsibility of those broker-dealers.

Up to 85% of a social security recipient's benefits may be included in federal gross income for benefit recipients whose adjusted gross income (including income from tax-exempt sources such as the Fund) plus 50% of their benefits exceeds certain base amounts. Income from the Fund is still tax-exempt to the extent described above; it is only included in the calculation of whether or not a recipient's Social Security benefits are to be included in Federal gross income.

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A redemption of Fund shares may result in taxable gain or loss to the redeeming shareholder, depending on whether the redemption proceeds are more or less than the shareholder's adjusted basis for the redeemed shares (which normally includes any sales load paid). An exchange of Fund shares for Class A shares of any Eligible Fund generally will have similar tax consequences. However, special rules apply when a shareholder (1) disposes of Fund shares through an exchange or redemption within 90 days after purchase thereof and (2) subsequently acquires shares of an Eligible Fund or reacquires Fund shares without paying a sales load due to the exchange privilege or 90 day reinvestment privilege. (See "How to Exchange Shares" and "Reinvestment Privilege".) In these cases, any gain on the disposition of the Fund shares would be increased, or loss decreased, by the amount of the sales load paid when those shares were acquired, and that amount will increase the basis of the subsequently acquired shares. In addition, if a shareholder purchases Fund shares (whether pursuant to the reinvestment privilege or otherwise) within 30 days before or after redeeming other Fund shares at a loss, all or a portion of that loss will not be deductible and will increase the basis of the newly purchased shares.

The foregoing is only a summary of some of the important federal tax considerations generally affecting the Fund and its shareholders--see the Statement of Additional Information for a further discussion--and is not intended to be a substitute for careful tax planning. There may be other federal, state or local tax considerations applicable to a particular investor; for example, the Fund's distributions may be wholly or partly taxable under state and/or local laws other than New York State and New York City. PROSPECTIVE INVESTORS THEREFORE ARE URGED TO CONSULT THEIR OWN TAX ADVISERS.

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APPENDIX A

SPECIAL FACTORS AFFECTING AN INVESTMENT IN THE FUND

The following information as to certain risk factors is provided to investors in view of the Fund's policy of concentrating its investments in securities issued by public entities in New York State ("State") and New York City ("City") and, to a lesser extent, in U.S. territories and possessions. This information, which does not purport to be a complete description of such risks and is based on information obtained from official statements relating to securities offerings of issuers located in New York, from independent municipal credit reports and other sources believed to be reliable has not been independently verified by the Fund. This section should be read in the context of the Fund's other investment policies (see "About the Fund--Investment Objective").

RISK FACTORS FOR NEW YORK ISSUERS

NEW YORK STATE. A substantial principal amount of bonds issued by various State agencies and authorities are either guaranteed by the State or supported by the State through lease-purchase arrangements, other contractual obligations or moral obligation provisions, which impose no immediate financial obligations on the State and require appropriations by the legislature before any payments can be made. Failure of the State to appropriate necessary amounts or to take other action to permit the authorities and agencies to meet their obligations could result in default. If a default were to occur, it would be likely to have a significant adverse impact on the market price of obligations of the state and its authorities and agencies. While debt service is normally paid out of revenues generated by projects of the authorities and agencies, the State has had to appropriate large amounts of funds in recent years to enable State agencies to meet their financial obligations and, in some cases, prevent default. Additional assistance is expected to be required in current and future fiscal years since certain localities and authorities continue to experience financial difficulties.

Certain State agencies, authorities and subdivisions, such as the New York State Urban Development Corporation ("UDC"), the New York State Dormitory Authority and the Housing Finance Agency ("HFA") are dependent upon continued financial support from the State in order to meet their bond obligations.

To the extent State agencies and local governments require State assistance to meet their financial obligations, the ability of the State to meet its own obligations as they become due or to obtain additional financing could be adversely affected. This financial situation could result not only in defaults of State and agency obligations but also impairment of the marketability of securities issued by the State, its agencies and local governments.

Constitutional challenges to State laws or appropriations could limit the amount of taxes which political subdivisions may impose on real property or the amount these entities may borrow. In 1979, the State's highest court declared unconstitutional a State law allowing localities and school districts to impose a special increase in real estate property taxes in order to raise funds for pensions and other uses. New However, in 1994, the State's highest court rejected a taxpayer challenge to the constitutionality of certain debt incurred by State agencies without voter approval. Final adverse decisions in such cases could require extraordinary appropriations or expenditure reductions, or both, and could have a material adverse effect upon the financial condition of the State and various of its agencies and subdivisions.

New York State's fiscal year begins April 1 of each year. The fiscal 1995-96 budget, adopted over two months late, attempted to make important changes to the State's fiscal policies. For the first time in over 50 years, the State's budget called for a reduction in year to year expenditures. At the same time,

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the budget attempted to close a \$4.8 billion gap identified at the beginning of the budget process by, in part, significantly reducing expenditures on certain services. Through the first six months of the 1995-96 year, the State has made no significant revisions to the budget and still projects it to be balanced for the year. However, with the projected slow down of the national and State economies along with the sizes of the additional tax reductions expected to be phased in over the next two years, the State's fiscal outlook remains stressed.

On October 2, 1995, the State Comptroller released a report entitled "Comptroller's Report on the Financial Condition of New York State 1995" in which he identified several risks to the State Financial Plan and reaffirmed his estimate that the State faces a potential imbalance in receipts and disbursements of at least \$2.7 billion for the State's 1996-97 fiscal year and at least \$3.9 billion for the State's 1997-98 fiscal year.

Uncertainties with regard to both the economy and potential decisions at the federal level add further pressure on future budget balance in New York State. Specific budget proposals being discussed at the federal level but not included in the State's current economic forecast would (if enacted) have a disproportionately negative impact on the long term outlook for the State's economy as compared to other states.

The State's economy, which was adversely affected by the recession in the early 1990s, has improved over the last several years; however, the rate of job growth has significantly lagged as compared to previous recoveries. Unemployment in the State remains considerably higher than national rates. Future growth, if any, is likely to be modest because of corporate downsizing of major employers in the State and cutbacks in defense spending. Income and population growth in the State remain among the slowest in the nation, although per capita income remains high. Slow growth in the economy has also increased the disparity in income, which could lead to increased service demands.

NEW YORK CITY. In 1975, the City suffered several financial crises which impaired the borrowing ability of both the City and the State. In that year, the City lost its access to public credit markets and it was not able to sell short-term notes to the public until 1979 nor long-term notes to the public until 1981. To help the City out of its financial difficulties, the State legislature created the Municipal Assistance Corporation ("MAC") in 1975. MAC has the authority to issue bonds and notes and pay or lend the proceeds to the City. MAC also has the authority to exchange its obligations for City obligations. MAC bonds are payable out of certain State sales and use taxes imposed by the City, State stock transfer taxes and per capita State aid to the City. The State is not, however, obligated to continue these taxes, nor to continue appropriating revenues from these taxes, nor to continue the

appropriation of per capita State aid to pay MAC obligations. MAC does not have taxing powers, and its bonds are not obligations enforceable against either the City or the State.

In addition, since 1975, the City's financial condition has been subject to oversight and review by the New York State Financial Control Board (the "Control Board") and since 1978 its financial statements have been audited by independent accounting firms. To be eligible for guarantees and assistance, the City was required to submit annually to the Control Board a financial plan for the next four fiscal years, covering the City and certain agencies showing balanced budgets determined in accordance with generally accepted accounting principles. Although the Control Board's powers of prior approval were suspended effective June 30, 1986, because the City had satisfied certain statutory conditions, the City continues to submit four-year plans to the Control Board for its review. In the event the City cannot obtain a balanced budget, there are concerns as to whether any deficit in the City budget can be financed by MAC bonds, federal guarantees, federal and State aid and increased revenues. Neither the State nor the federal government is obligated to provide financial assistance of any kind to the City in the event of future financial difficulties. The City is also a defendant in numerous legal actions which relate to material matters.

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On July 10, 1995, Standard & Poor's lowered its rating on the City's general obligation bonds to BBB+ from A-. The City faces continuing and recurring problems of economic sluggishness compounded by reductions in State aid. Moreover, large budget gaps projected over the next three years, further indicate the City's lack of financial flexibility. Despite Mayor Giuliani's efforts at reform, many industry analysts expect further downgrades by the credit agencies rating in the future.

CONCLUSION. Both the State and the City face potential economic problems which could seriously affect their ability to meet financial obligations. The economic problems of the City adversely affect the State in numerous ways. In addition, for decades the State economy has grown more slowly than that of the nation as a whole, resulting in a decline in the position of the State as one of the country's wealthiest states. The causes of this decline are varied and complex and some causes reflect international and national trends beyond the State's and City's control. Some analysts believe that this long term decline is the result of State and local taxation, which is among the highest in the nation, and which may cause corporations to locate outside the State. The current high level of taxes may limit the ability of the State and City to impose higher taxes in the event of future difficulties.

RISK FACTORS AFFECTING UNITED STATES TERRITORIES

Other securities that provide state tax-free income include general obligations of U.S. territories and possessions such as Guam, the Virgin Islands, Puerto Rico, and their political subdivisions and public corporations. The economies of United States territories are closely linked to the U.S. economy, and will depend on many variables, some of which include the strength of the U.S. dollar, interest rates, the price stability of oil imports, and the continued existence of favorable tax incentives. Recent legislation reduced these incentives, but it is impossible to predict what impact the changes will have.

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This Statement of Additional Information of Rochester Fund Municipals (the "Fund") is not a Prospectus. This document contains additional information about the Fund and supplements information in the Prospectus dated March 11, 1996. It should be read together with the Prospectus, which may be obtained by writing to the Fund's transfer agent, OppenheimerFunds Services (the "Transfer Agent"), at P.O. Box 5270, Denver, Colorado 80217 or by calling the Transfer Agent at the toll-free number shown above.

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ABOUT THE FUND

INVESTMENT OBJECTIVES AND POLICIES

INVESTMENT POLICIES AND STRATEGIES. The investment objective of the Fund is to provide shareholders with as high a level of income exempt from federal income tax and New York State and New York City personal income taxes as is consistent with its investment policies and prudent investment management while seeking preservation of shareholders' capital. The investment objective of the Fund cannot be changed without shareholder approval. The Fund will seek to achieve its objective by investing primarily in New York State municipal and public authority debt obligations exempt from such taxes. In addition, the Fund may also invest its assets in obligations of municipal issuers located in U.S. territories. Investments will be made without regard to maturity. The lack of maturity restrictions, however, may result in greater fluctuation of bond prices in the Fund's portfolio and greater fluctuation in net asset value because the prices of long term bonds are more affected by changes in interest rates than prices of short term bonds. There can be no assurance that the investment objective of the Fund will be realized.

The Fund is classified as non-diversified within the meaning of the Investment Company Act of 1940, as amended, (the "Investment Company Act"), which means that the Fund is not limited by the Investment Company Act in the proportion of its assets that it may invest in obligations of a single issuer. The Fund intends to continue to qualify as a "regulated investment company," however, under the Internal Revenue Code of 1986, as amended (the "Code"). See Dividends, Capital Gains and Taxes. In addition to satisfying other requirements to so qualify, the Fund will limit its investments so that, at the close of each quarter of its taxable year, (i) not more than 25% of the market value of its total assets will be invested in the securities of a single issuer and (ii) with respect to 50% of its total assets, not more than 5% will be invested in the securities of a single issuer. In contrast, a fund which elects to be classified as "diversified" under the Investment Company Act must satisfy the foregoing 5% requirement with respect to 75% of its assets at all times. To the extent that the Fund assumes large positions in the obligations of a small number of issuers, the Fund's total return may fluctuate to a greater extent than that of a diversified company as a result of changes in the financial condition or in the market's assessment of the issuers.

MUNICIPAL OBLIGATIONS

-- MUNICIPAL BONDS. Municipal bonds include debt obligations issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, housing, hospitals, mass transportation, schools, streets and water and sewer works. Other public purposes for which municipal securities or bonds may be issued include the refunding of outstanding obligations, the obtaining of funds for general operating expenses and the obtaining of funds to loan to other public institutions and facilities. In addition, certain types of private activity bonds are issued by or on behalf of public authorities to obtain funds to provide housing facilities, sports facilities, convention or trade show facilities, airport, mass transit, port or parking facilities, manufacturing facilities, air or water pollution control facilities and certain local facilities for water supply, gas, electricity or sewage or solid waste disposal.

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

-- REVENUE BONDS. Revenue Bonds are not secured by the full faith, credit and taxing power of an issuer. Rather, the principal security for revenue bonds is generally the net revenue derived from a particular facility, group of facilities or, in some cases, the proceeds of a special excise tax or other specific revenue source. Revenue bonds are issued to finance a wide variety of capital projects including: electric, gas, water, and sewer systems; highways, bridges, and tunnels; port and airport facilities; colleges and universities, and hospitals. Although the principal security behind these bonds may vary, many provide additional security in the form of a debt service reserve fund, from which money may be used to make principal and interest payments on the issuer's obligations. Housing finance authorities have a wide range of security, including partially or fully insured mortgages, rent subsidized and/or collateralized mortgages, and/or the net revenues from housing or other public projects. Some authorities are provided with further security in the form of state assurance (although without obligation) to make up deficiencies in the debt service reserve fund.

-- INDUSTRIAL DEVELOPMENT BONDS. Industrial development bonds are, in most cases, revenue bonds and are issued by or on behalf of public authorities to raise money for the financing of various privately-operated facilities such as manufacturing, housing, and pollution control. These bonds are also used to finance public facilities such as airports, mass transit systems, ports and parking. The payment of the principal and interest on such bonds is solely dependent on the ability of the facilities user to meet its financial obligations and the pledge, if any, of the real and personal property so financed as security for such payment. The Fund will purchase industrial development bonds only to the extent that the interest paid by a particular bond is tax-exempt pursuant to the Code, which limits the types of facilities that may be financed with tax-exempt industrial development and private activity bonds and the amounts of such bonds each state may issue.

-- PRIVATE ACTIVITY BONDS. The Fund will invest only in those private activity bonds which are, in the opinion of issuer's counsel, tax exempt. Interest on obligations which are classified as non-qualified private activity bonds under Section 141, arbitrage bonds under Section 148 and bonds not in registered form under Section 149 of the Code is not exempt from federal income tax. Such obligations are excluded from the definition of municipal bonds. The Fund will not invest in them. However, Sections 141 through 150 of the Code provide that interest on certain types of private activity bonds will be exempt from federal income tax except when such interest is received by "substantial users" or persons related to substantial users as defined in Section 147 of the Code. The Fund may invest periodically in these bonds, and therefore, the Fund may not be an appropriate investment for entities which are substantial users of facilities financed by private activity bonds or for investors who are "related persons". Generally, an individual will not be a related person under the Code unless such investor or his immediate family (spouse, brothers, sisters and lineal descendants) own directly or indirectly in the aggregate more than 50% in value of the equity of a corporation or partnership which is a substantial user of a facility financed from the proceeds of

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private activity bonds. A "substantial user" of such facilities is defined

generally by Treasury regulations as a non-exempt person who regularly uses a part of a facility financed from the proceeds of private activity bonds.

-- MUNICIPAL NOTES. Municipal notes generally fund short-term capital needs and have maturities of one year or less. The Fund may invest in municipal notes which include:

-- TAX ANTICIPATION NOTES. Tax anticipation notes are issued to finance working capital needs of municipalities. Generally, they are issued in anticipation of various seasonal tax revenues, such as income, sales, use and business taxes, and are payable from these specific future taxes.

-- REVENUE ANTICIPATION NOTES. Revenue anticipation notes are issued in expectation of receipt of other types of revenue, such as federal revenues available under the Federal Revenue Sharing Programs.

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

-- MISCELLANEOUS, TEMPORARY AND ANTICIPATORY INSTRUMENTS. These instruments may include notes issued to obtain interim financing pending entering into alternate financial arrangements such as receipt of anticipated federal, state or other grants or aid, passage of increased legislative authority to issue longer term instruments or obtaining other refinancing.

-- CONSTRUCTION LOAN NOTES. Construction loan notes are sold to provide construction financing. Permanent financing, the proceeds of which are applied to the payment of the Construction Loan Notes, is sometimes provided by a commitment of the Government National Mortgage Association ("GNMA") to purchase the loan, accompanied by a commitment by the Federal Housing Administration to insure mortgage advances thereunder. In other instances, permanent financing is provided by commitments of banks to purchase the loan. The Fund will only purchase Construction Loan Notes that are subject to permanent GNMA or bank purchase commitments.

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

-- MUNICIPAL LEASES. Municipal lease obligations or installment purchase contract obligations (collectively, "Municipal Leases") have special risks not normally associated with Municipal Obligations. Although Municipal Leases do not constitute general obligations of the municipality for which the municipality's taxing power is pledged, a Municipal Lease may be backed by the municipality's covenant to budget for, appropriate and make the payments due under the lease obligations. However, most lease obligations contain "non-appropriation" clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years

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unless money is appropriated for such purpose on a yearly basis. Although "non-appropriation" Municipal Leases are generally secured by the leased property, the Fund's ability to recover under the lease in the event of non-appropriation or default will be limited solely to repossession of the leased property without recourse to the general credit of the lessee, and disposition of the property in the event of foreclosure might prove difficult. In addition, Municipal Leases may be subject to an "abatement" risk. The leases underlying certain municipal lease obligations may provide that lease payments are subject to partial or full abatement if, because of material damage or destruction of the leased property, there is substantial interference with the lessee's use or occupancy of such property. The "abatement" risk may be reduced by the existence of insurance covering the leased property, the maintenance by the lessee of reserve funds or the provision of credit enhancements such as letters of credit.

In addition to the "non-appropriation" and "abatement" risks, investments in Municipal Leases represent a relatively new type of financing. As such, Municipal Leases have not yet developed the depth of marketability associated with more conventional Municipal Obligations. The Fund will seek to minimize these risks by investing not more than 10% of its total assets in Municipal Leases that contain "non-appropriation" clauses, and by investing only in those "non-appropriation" lease obligations where (1) the nature of the leased equipment or property is such that its ownership or use is essential to a governmental function of the municipality, (2) the lease payments will commence amortization of principal at an early date resulting in an average life of seven years or less for the lease obligation, (3) appropriate covenants will be obtained from the municipal obligor prohibiting the substitution or purchase of

similar equipment if lease payments are not appropriated, (4) the lease obligor has maintained good market acceptability in the past, (5) the investment is of a size that will be attractive to institutional investors, and (6) the underlying leased equipment has elements of portability and/or use that to enhance its marketability in the event foreclosure on the underlying equipment is ever required.

Investments in Municipal Leases will be subject to the Fund's 15% limitation on investments in Illiquid Securities as described in the Fund's Prospectus unless, in the judgment of OppenheimerFunds, Inc. ("the Manager"), a particular Municipal Lease is liquid and has received an investment grade rating from a nationally recognized statistical rating organization ("NRSRO"). The Board of Trustees has adopted guidelines to be utilized by the Manager in making determinations concerning the liquidity and valuation of a municipal lease obligation. Such determinations will be based on all relevant factors including among others: (1) the frequency of trades and quotes for the obligation; (2) the number of dealers willing to purchase or sell the security and the number of other potential buyers; (3) the willingness of dealers to undertake to make a market in the security; (4) the nature of the marketplace trades, including, the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer; (5) the likelihood that the marketability of the obligation will be maintained throughout the time the Fund holds the obligation; and (6) the likelihood that the municipality will continue to appropriate funding for the leased property. As noted in the Fund's Prospectus, no more than an aggregate of 15% of the value of the Fund's net assets at the time of acquisition may be invested in Illiquid Securities. Of that amount, no more than 5% of the Fund's assets which are invested in tax-exempt obligations may be invested in unrated or "illiquid" municipal leases.

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Subject to the foregoing percentage limitations on investments in Illiquid Securities, the Fund may invest in tax-exempt leases, provided that: (i) the Fund receives in each instance the opinion of issuer's legal counsel experienced in such transactions that the tax-exempt obligation will generate interest income which is exempt from Federal and New York State income tax; (ii) the Fund receives in all instances an opinion that as of the effective date of the lease or at the date of the Fund's purchase, if other than on the effective date, the lease is the valid and binding obligation of the governmental issuer; (iii) the Fund receives in each instance an opinion of issuer's legal counsel that such obligation has been issued in compliance with all applicable Federal and State securities laws; (iv) the Adviser of the Fund performs its own credit analysis in instances where a credit rating has not been provided by a recognized credit rating agency; (v) that if a particular exempt obligation is unrated and, in the opinion of the Manager, not of investment grade quality (i.e. within one of the four highest ratings of an NRSRO, the Manager at the time of making such investment, shall include such investment within the Fund's overall percentage limitation on investments in illiquid securities as well as the 5% limitation on investments in unrated tax-exempt leases. In instances where the Manager is required to perform its own credit analysis with respect to a particular tax-exempt lease obligation, the Manager will evaluate current information furnished by the issuer or obtained from other sources considered by it to be reliable.

-- DEFINITION OF ISSUER

For purposes of diversification under the Investment Company Act, identification of the "issuer" of a Municipal Obligation depends on the terms and conditions of the obligation. If the assets and revenues of an agency, authority, instrumentality or other political subdivision are separate from those of the government creating the subdivision and the obligation is backed only by the assets and revenues of the subdivision, such subdivision would be regarded as the sole issuer. Similarly, in the case of an industrial development revenue bond, if the bond is backed only by the assets and revenues of the non-governmental user, the non-governmental user would be deemed to be the sole issuer.

If, however, in either case, the creating government or some other entity guarantees the security, such a guarantee would not be a separate security which must be included in the Fund's limitation on investments in a single issuer, provided the value of all securities guaranteed by a guarantor is not greater than 10% of the Fund's total assets.

OTHER INVESTMENT TECHNIQUES AND STRATEGIES

-- STAND-BY COMMITMENTS.

The Fund may purchase municipal securities together with the right to

resell the securities to the seller at an agreed upon price or yield within a specified period prior to the maturity date of the securities. Although it is not a put option in the technical sense, such a right to resell is commonly known as a "put" and is also referred to as a "stand-by commitment."

-- WHEN-ISSUED SECURITIES.

Municipal bonds are frequently offered on a "when-issued" basis. When so offered, the price, which is generally expressed in yield terms, is fixed at the time the commitment to purchase

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is made, but delivery and payment for the when-issued securities take place at a later date. Normally, the settlement date occurs within six months of the purchase of municipal bonds and notes; during the period between purchase and settlement, no payment is made by the Fund to the issuer and no interest accrues to the Fund. To the extent that assets of the Fund are held in cash pending the settlement of a purchase of securities, the Fund would earn no income; however, it is the Fund's intention to be fully invested to the extent practicable and subject to the policies stated above. While when-issued securities may be sold prior to the settlement date, the Fund intends to purchase such securities with the purpose of actually acquiring them unless a sale appears desirable for investment reasons. At the time the Fund makes the commitment to purchase a municipal bond on a when-issued basis, it will record the transaction and reflect the value of the security in determining its net asset value. The Fund does not believe that its net asset value or income will be adversely affected by its purchase of municipal bonds on a when-issued basis. The Fund will establish a segregated account in which it will maintain cash and marketable securities equal in value to commitment for when-issued securities.

-- OPTIONS TRANSACTIONS

The Fund may engage in options transactions in order to provide additional income (the writing of covered call options) or in order to afford protection against adverse market conditions (the buying of put options). Such transactions may, however, limit the amount of possible capital appreciation which might otherwise be realized. The Fund may only write covered call options or purchase put options which are listed for trading on a national securities exchange and purchase call options and sell put options to the extent necessary to cancel options previously written. As an operational policy, no more than 5% of the Fund's total assets will be invested in options transactions.

Unless otherwise noted, the foregoing investment objectives and policies are not designated as fundamental policies within the meaning of the Investment Company Act. New forms of Municipal Obligations in which the Fund may desire to invest are continuing to evolve. Accordingly, the descriptions herein as to certain types of existing Municipal Obligations should be viewed as illustrative and not exclusive. The Fund may invest in new forms of instruments or variations of existing instruments, subject only to the Fund's criteria of investment quality and tax exemption and to the restrictions specified in this Statement of Additional Information. As new forms of instruments or variations of existing instruments evolve, the Fund will revise its prospectus to reflect such evolution prior to investing.

-- VARIABLE RATE DEMAND NOTES.

The Fund may purchase variable rate demand notes ("VRDNs") which are tax-exempt obligations that contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the unpaid principal balance plus accrued interest upon a short notice period, generally not to exceed seven days. The interest rates are adjustable at intervals ranging from daily up to six months to some prevailing market rate for similar investments, such adjustment formula being calculated to maintain the market value of the VRDN at approximately the par value of the VRDN upon the adjustment date. The adjustments are typically based upon the prime rate of a bank or some other appropriate interest rate adjustment index.

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The Fund may also invest in VRDNs in the form of participation interests ("Participating VRDNs") in variable rate tax-exempt obligations held by a financial institution, typically a commercial bank ("institution"). Participating VRDNs provide the Fund with a specified undivided interest (up to 100%) of the underlying obligation and the right to receive payment of the unpaid principal balance plus accrued interest on the Participating VRDNs from the institution upon a specified number of days' notice, not to exceed seven days (repurchase agreement). In addition, the Participating VRDN is backed by an irrevocable letter of credit of the institution guaranteeing the timely payment of principal and interest. In such instances the Fund has an undivided interest in the underlying obligations and thus participates on the same basis as the institution in such obligations except that the institution typically retains

fees out of the interest paid on the obligation for servicing the obligation, for providing the letter of credit and issuing the repurchase commitment. To the extent that investments in VRDNs are concentrated in a small number of issuers, the inability of such issuers to meet their payment obligations could adversely affect the Fund's liquidity.

OTHER INVESTMENT RESTRICTIONS

-- FUNDAMENTAL INVESTMENT RESTRICTIONS.

The Fund operates under certain investment restrictions which are fundamental investment policies of the Fund and which cannot be changed without approval of a majority of the outstanding voting securities of the Fund (defined for purposes of the Prospectus and this Statement as the lesser of: (i) 67% of the shares present or represented by proxy at a meeting at which more than 50% of the outstanding shares are present or represented by proxy; or (ii) more than 50% of the outstanding shares). These restrictions provide that the Fund may not:

1. Borrow money or mortgage or pledge any of its assets, except that the Fund may borrow from a bank for temporary or emergency purposes or for investment purposes in amounts not exceeding 5% of its total net assets. Where borrowings are made for a purpose other than temporary or emergency purposes, the Investment Company Act, requires that the Fund maintain asset coverage of at least 300% for all such borrowings. Should such asset coverage at any time fall below 300%, the Fund will be required to reduce its borrowings within three (3) days to the extent necessary to meet such asset coverage. To reduce its borrowings, the Fund may have to sell investments at a time when it would be disadvantageous to do so. Additionally, interest paid by the Fund on its borrowings will decrease the net earnings of the Fund.

2. Buy any securities on margin or sell any securities short.

3. Lend any of its funds or other assets, except by the purchase of a portion of an issue of publicly distributed bonds, debentures, notes or other debt securities.

4. Act as underwriter of securities issued by other persons except insofar as the Fund may technically be deemed an underwriter under the federal securities laws in connection with the disposition of portfolio securities.

5. Purchase the securities of any issuer which would result in the Fund owning more than 10% of the voting securities of such issuer.

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6. Purchase from or sell to its officers and trustees, or any firm of which any officer or trustee is a member, as principal, any securities, but may deal with such persons or firms as brokers and pay a customary brokerage commission; retain securities of any issuer, if to the knowledge of the Fund, one or more of its officers, trustees or investment adviser, own beneficially more than 1/2 of 1% of the securities of such issuer and all such officers and trustees together own beneficially more than 5% of such securities.

7. Acquire, lease or hold real estate, except such as may be necessary or advisable for (a) the maintenance of its offices, or (b) to enable the Fund to take such action as may be appropriate in the event of financial difficulties, default or bankruptcy of either the issuer of or the underlying source of funds for debt service for any obligations in the Fund's portfolio.

8. Invest in commodities and commodity contracts, puts, calls, straddles, spreads or any combination thereof, or interests in oil, gas or other mineral exploration or development programs. The Fund may, however, write covered call options (or purchase put options) listed for trading on a national securities exchange and purchase call options (and sell put options) to the extent necessary to close out call options previously written or put options previously purchased. At present there are no options listed for trading on a national securities exchange covering the types of securities which are appropriate for investment by the Fund, and, therefore, there are no option transactions currently available for the Fund.

9. Invest in companies for the purpose of exercising control or management.

10. Invest more than 25% of the Fund's total assets in securities of issuers of a particular industry, although for purposes of this limitation, tax-exempt securities and United States government obligations are not considered to be part of an industry, except that, with respect to industrial development bonds and other revenue

obligations for which the underlying credit is a business or charitable entity, the industry of that entity will be considered for purposes of this 25% limitation.

11. Issue Senior Securities.

-- NON-FUNDAMENTAL INVESTMENT RESTRICTIONS.

The Fund operates under certain investment restrictions which are non-fundamental investment policies of the Fund and which can be changed by the Board without shareholder approval. These restrictions provide that the Fund may not acquire more than 3% of the voting securities issued by any one investment company (except where the acquisition results from a dividend or a merger, consolidation or other reorganization) or invest more than 5% of the Fund's assets in securities issued by any one investment company or invest more than 5% of the Fund's assets in securities of other investment companies.

The percentage limitations (fundamental and non-fundamental) on investments which are set forth above are applied at the time an investment is made. No violation of the percentage limitation will occur unless the limitation is exceeded immediately after an investment is made and as a result thereof (except for the limitations on borrowing which are in effect at all times).

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INVESTMENT CONSIDERATIONS/RISK FACTORS

-- CONCENTRATION OF INVESTMENTS IN NEW YORK STATE ISSUERS

In view of the Fund's policy of concentrating its investments in the obligations of New York State (the "State"), its municipalities, agencies and instrumentalities (collectively "New York Issuers"), the following information is provided to investors. This represents only a brief summary of the corresponding risks inherent in the Fund and does not purport to be a complete description. It is based on information obtained from official statements relating to securities offerings of the State, from independent municipal credit reports and from other sources. This information is believed to be accurate but has not been independently verified by the Fund. Additional information may be obtained from official statements and prospectuses issued by, and other information reported by the State and its various public bodies and other entities located within the State in connection with the issuance of their respective securities.

As noted in the Fund's Prospectus, as a fundamental policy, at least 80% of the Fund's net assets will ordinarily be invested in New York State, municipal and public authority debt obligations, the interest from which is exempt from Federal income tax, New York State income tax and New York City personal income tax ("New York State Tax Exempt Securities"). Therefore, the Fund is more susceptible to political, economic or regulatory factors and/or events affecting the State and its political subdivisions than would a more diverse portfolio of securities relating to a number of different states. In addition, the value of the Fund's shares may fluctuate more widely than the value of shares of a diversified portfolio of securities relating to a number of different states.

A national recession commenced in mid-1990. The nation then experienced a period of weak economic growth during 1991 and 1992. In 1993, the nation's economy grew faster than in 1992, but still at a very moderate rate, as compared to other recoveries. The rate of economic expansion accelerated considerably in 1994. National employment and income growth in 1994 were substantial. In response, the Federal Reserve Board shifted to a policy of monetary tightening by raising interest rates throughout most of the year. As a result, expansion of the economy slowed sharply during the first half of 1995 as higher interest rates reduced the growth of consumer spending and business investment.

The economic recession was more severe in State and its recovery started later than in the nation as a whole due in part to the significant downsizing in the banking and financial services industries, defense related industries and other major corporations as well as an overbuilt commercial real estate market. The State recovery, as measured by employment, began near the start of calendar year 1993. During the calendar year 1993, employment began to increase, though sporadically, and the unemployment rate declined. Moderate employment growth continued into the first half of 1994 but then came to a virtual halt in the middle of the year. Employment growth once again picked up in 1995, though as of September, 1995, unemployment in New York State was 6.8%.

New York State's fiscal year begins April 1 of each year. The 1995-1996 budget, adopted over two months later than the April 1, 1995 deadline, attempted to make important changes to the State's fiscal policies. For the first time in 50 years, the State's budget called for a reduction in year to year expenditures. At the same time, the budget attempted to close a \$4.8 billion gap identified at the beginning

of the budget process by, in part, significantly reducing expenditures on certain services. Through the first six months of the 1995-1996 fiscal year, the State has made no significant revisions to the budget and still projects a balanced budget for the year. However, with the projected slow down of the national and State economies along with the sizes of the additional tax reductions expected to be phased in over the next two years, the State's fiscal outlook remains stressed.

On October 2, 1995, the State Comptroller released a report entitled "Comptroller's Report on the Financial Condition of New York State 1995" in which he identified several risks to the State Financial Plan and reaffirmed his estimate that the State faces a potential imbalance in receipts and disbursements of at least \$2.7 billion for the State's 1996-1997 fiscal year and at least \$3.9 billion for the State's 1997-1998 fiscal year.

Uncertainties with regard to both the economy and potential decisions at the federal level add further pressure on future budget balance in New York State. Specific budget proposals being discussed at the federal level but not included in the State's current economic forecast would, if enacted, have a disproportionately negative impact on the longer-term outlook for the State's economy as compared to other states.

To the extent that the State's municipalities, agencies and authorities require State assistance to meet their financial obligations, the ability of the State of New York to meet its own obligations as they become due or to obtain additional financing could be adversely affected and any reduction in such assistance and subsidies by the State could adversely affect the ability of such issuers to meet their debt obligations. Any reduction in the actual or perceived ability of any issuer of New York State Tax Exempt Securities to meet its obligations (including a reduction in the rating of its outstanding securities) would be likely to adversely affect the market value and marketability of its obligations and could adversely affect the values of New York Tax Exempt Securities as well.

A substantial principal amount of bonds issued by various municipalities, agencies and authorities are either guaranteed by the State through lease-purchase arrangements, other contractual obligations or moral obligation provisions, which impose no immediate financial obligation on the State and require appropriations by the legislature before any payments can be made. Failure of the State to appropriate necessary amounts or to take other action to permit such municipalities, agencies or authorities to meet their obligations could result in their default. If a default were to occur, it would likely have a significant adverse impact on the market price of obligations of the State and its municipalities, agencies and authorities. While debt service is normally paid out of revenues generated by projects of such issuers, the State has had to appropriate large amounts of funds in recent years to enable such municipalities, agencies and authorities to meet their financial obligations and in some cases, prevent default. Additional financial assistance is expected to be required in the current and in the future fiscal years since certain municipalities, agencies and authorities continue to experience financial difficulties.

The combination of state and local taxes in the State has been among the highest in the nation for many years. The burden of state and local taxation, in combination with the many other causes of regional economic dislocation, has contributed to the decisions of some businesses and individuals to relocate outside, or not relocate within, the State. The current high level of taxes limits the ability of New York State, New York City and other municipalities to impose higher taxes in the event of future difficulties. In addition, constitutional challenges to State laws have limited the amount of taxes which political subdivisions can

impose on real property, which may have an adverse effect on the ability of issuers to meet obligations supported by such taxes. A variety of additional court actions have been brought against the State and certain agencies and municipalities relating to financing, amount of real estate tax, use of tax revenues and other matters, which could adversely affect the ability of the State or such agencies or municipalities to pay their obligations.

The fiscal health of the State is closely related to the fiscal health of its localities, particularly New York City (the "City"), which has required and continues to require significant financial assistance from the State. Both the State and the City face potential economic problems which could seriously affect the ability of both the State and the City to meet their respective financial

obligations. On July 10, 1995, Standard & Poor's lowered its rating on the City's general obligation bonds to BBB+ from A-. The City faces continuing and recurring problems of economic sluggishness compounded by reductions in State aid. Moreover, large budget gaps projected over the next three years further indicate the City's lack of financial flexibility. Despite Mayor Giuliani's efforts at reform, many industry analysts expect further downgrades by the credit agencies rating in the future.

Beginning in early 1975, the State, the City and other State entities faced serious financial difficulties which jeopardized the credit standing and impaired the borrowing abilities of such entities and contributed to higher interest rates on, and lower market prices for, debt obligations issued by them. A recurrence of such financial difficulties or failure of certain financial recovery programs could result in defaults or declines in the market values of numerous New York obligations in which the Fund may invest.

Since 1990, S&P and Moody's Investor Service, Inc. ("Moody's") each lowered its credit rating on New York State's general obligation bonds and certain other obligations issued by New York State. Ratings of New York State's general obligation bonds are among the lowest of all states. As a result, there are special risks inherent in the Fund's concentration of investments in New York Tax Exempt Securities.

The foregoing information as to certain New York risk factors is given to investors in view of the Fund's policy of concentrating its investments in New York issuers. Such information constitutes only a brief summary and does not purport to be a complete description. See Appendix A to this Statement.

-- CREDIT QUALITY

The following special considerations are risk factors associated with the Fund's investments in high yield (lower rated) securities:

-- RISK FACTORS OF HIGH YIELD SECURITIES. The Fund may invest up to 20% of its assets in securities of lower rated categories or in securities which are unrated but deemed to be of comparable quality by the Adviser. These high yield, high risk securities (commonly referred to as "junk bonds") are subject to certain risks that may not be present with investments of higher grade securities. The following supplements the disclosure in the Fund's prospectus.

-- EFFECT OF INTEREST RATE AND ECONOMIC CHANGES. The prices of high yield securities tend to be less sensitive to interest rate changes than higher-rated investments, but may be more sensitive to adverse economic changes or individual corporate developments. Periods of economic uncertainty and changes generally result in increased volatility in market prices and yields of high yield securities and thus in the

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Fund's net asset value. A strong economic downturn or a substantial period of rising interest rates could severely affect the market for high yield securities. In these circumstances, highly leveraged companies might have difficulty in making principal and interest payments, meeting projected business goals, and obtaining additional financing. Thus, there could be a higher incidence of default. This would affect the value of such securities and thus the Fund's net asset value. Further, if the issuer of a security owned by the Fund defaults, the Fund might incur additional expenses to seek recovery.

Generally, when interest rates rise, the value of fixed rate debt obligations, including high yield securities, tends to decrease; when interest rates fall, the value of fixed rate debt obligations tends to increase. If an issuer of a high yield security containing a redemption or call provision exercises either provision in a declining interest rate market, the Fund would have to replace the security, which could result in a decreased return for shareholders. Conversely, if the Fund experiences unexpected net redemptions in a rising interest rate market, it might be forced to sell certain securities, regardless of investment merit. This could result in decreasing the assets to which the Fund's expenses could be allocated and in a reduced rate of return for the Fund. While it is impossible to protect entirely against this risk, diversification of the Fund's portfolio and the careful analysis of prospective portfolio securities by OppenheimerFunds, Inc. (the "Adviser") should minimize the impact of a decrease in value of a particular security or group of securities in the Fund's portfolio.

-- THE HIGH YIELD SECURITIES MARKET. The market for below investment grade bonds expanded rapidly in the 1980's and its growth paralleled a long economic expansion. During that period, the yields on below investment grade bonds rose dramatically. Such higher yields did not reflect the value of the income stream that holders of such bonds expected, but rather the risk that holders of such bonds could lose a substantial portion of their value as a result of the issuer's financial restructuring or default. In fact, from 1989 to 1991 during a period of economic recession, the percentage of lower quality securities that

defaulted rose significantly, although the default rate decreased in subsequent years. There can be no assurance that such declines in the below investment grade market will not reoccur. The market for below investment grade bonds generally is thinner and less active than that for higher quality bonds, which may limit the Fund's ability to sell such securities at fair market value in response to changes in the economy or the financial markets. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the values and liquidity of lower rated securities, especially in a thinly traded market.

-- CREDIT RATINGS. The credit ratings issued by credit rating services may not fully reflect the true risks of an investment. For example, credit ratings typically evaluate the safety of principal and interest payments, not market value risk, of high yield securities. Also, credit rating agencies may fail to change timely a credit rating to reflect changes in economic or company conditions that affect a security's market value. Although the Manager considers ratings of recognized rating services such as Moody's Investors Services, Inc., Standard & Poor's Rating Group, Fitch Investors Services, Inc and Duff & Phelps, ("NRSRO" or "NRSROs") the Manager primarily relies on its own credit analysis, which includes a study of existing debt, capital issuer's sensitivity to economic conditions, its operating history and the current trend of earnings. the Manager continually monitors the investments in the Fund's portfolio and carefully evaluates whether to dispose of or retain high yield securities whose credit ratings have changed. See Appendix A for a description of corporate bond ratings.

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-- LIQUIDITY AND VALUATION. Lower-rated bonds typically are traded among a smaller number of broker-dealers than in a broad secondary market. Purchasers of high yield securities tend to be institutions, rather than individuals, which is a factor that further limits the secondary market. To the extent that no established retail secondary market exists, many high yield securities may not be as liquid as higher-grade bonds. A less active and thinner market for high yield securities than that available for higher quality securities may limit the Fund's ability to sell such securities at that fair market value in response to changes in the economy or the financial markets. The ability of the Fund to value or sell high yield securities also will be adversely affected to the extent that such securities are thinly traded or illiquid. During such periods, there may be less reliable objective information available and thus the responsibility of the Fund's Board of Trustees (the "Board of Trustees" or the "Board") to value high yield, high risk securities becomes more difficult, with judgement playing a greater role. Further, adverse publicity about the economy or a particular issuer may adversely affect the public's perception of the value, and thus liquidity, of a high yield security, whether or not such perceptions are based on a fundamental analysis. See How to Buy Shares.

-- LEGISLATION. Provisions of the Revenue Reconciliation Act of 1989 limit a corporate issuer's deduction for a portion of the original issue discount on "high yield discount" obligations (including certain pay-in-kind securities). This limitation could have a materially adverse impact on the market for certain high yield securities. From time to time, legislators and regulators have proposed other legislation that would limit the use of high yield debt securities in leveraged buyouts, mergers and acquisitions. It is not certain whether such proposals, which could also adversely affect high yield securities, will be enacted into law.

-- INVESTMENT IN MUNICIPAL LEASES

Investments in tax-exempt lease obligations, which are commonly referred to as "municipal leases," present certain special risks which are not associated with investments in other tax-exempt obligations such as general obligation bonds or revenue bonds. The principal risks involved in investments in tax-exempt lease obligations are the following:

-- LIMITED LIQUIDITY. An investment in tax-exempt lease obligations is generally less liquid than an investment in comparable tax-exempt obligations such as general obligation bonds or revenue bonds because (i) tax-exempt lease obligations (other than Certificate of Participation Leases) are usually issued in private placements and contain legal restrictions on transfer and (ii) there is only a limited secondary trading market for such obligations.

-- RELIANCE ON ADVISER'S CREDIT ANALYSIS. Tax-exempt lease obligations are generally not rated by national credit rating firms, which places the burden for credit analysis upon the Manager.

-- NON-APPROPRIATION. The ability of a purchaser to perform a meaningful credit analysis is limited by the inclusion in most tax-exempt leases of "non-appropriation" clauses which provide that the governmental issuer has no obligation to make future payments under the lease or contract unless funds are appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis.

-- LIMITED REMEDIES. The remedies of a purchaser of a tax-exempt lease obligation may be limited solely to repossession of the collateral for such obligation for resale upon failure of a municipality

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to make necessary appropriations or upon default by the governmental issuer of such obligation without any recourse to the general credit of the governmental issuer or to acceleration of the rental payments due solely for the remaining fiscal year of the governmental issuer. In addition, the resale value of the collateral may be significantly reduced at the time of repossession due to depreciation.

-- REDUCTION IN YIELD. Prepayments on underlying leases due to loss or destruction of equipment or exercise of an option of the lessee to purchase such equipment may reduce the purchaser's yield to the extent that interest rates have declined below the level prevailing when the tax-exempt lease obligation was initially purchased. This reduction in yield may occur because the purchaser might be required to invest such prepayments in obligations yielding a lower rate of interest.

HOW THE FUND IS MANAGED

ORGANIZATION AND HISTORY. Rochester Fund Municipals, a Massachusetts business trust, is an open-end, management investment company which currently has one class of shares outstanding. As a Massachusetts business trust, the Fund is not required to hold, and does not plan to hold, regular annual meetings of shareholders. The Fund will hold meetings when required to do so by the Investment Company Act or other applicable law, or when a shareholder meeting is called by the Trustees. Shareholders have the right, upon the declaration in writing or vote of two-thirds of the outstanding shares of the Fund, to remove a Trustee. The Trustees will call a meeting of shareholders to vote on the removal of a Trustee upon the written request of the record holders of 10% of its outstanding shares. In addition, if the Trustees receive a request from at least 10 shareholders (who have been shareholders for at least six months) holding shares of the Fund valued at \$25,000 or more or holding at least 1% of the Fund's outstanding shares, whichever is less, stating that they wish to communicate with other shareholders to request a meeting to remove a Trustee, the Trustees will then either make the Fund's shareholder list available to the applicants or mail their communication to all other shareholders at the applicants' expense, or the Trustees may take such other action as set forth under Section 16(c) of the Investment Company Act.

Each Share of the Fund represents an interest in the Fund proportionately equal to the interest of each other share and entitles the holder to one vote per share (and a fractional vote for a fractional share) on matters submitted to their vote at shareholders' meetings. The Trustees are authorized to create new series and classes of series. The Trustees may reclassify unissued shares of the Fund or its series or classes into additional series or classes of shares. The Trustees may also divide or combine the shares of a class into a greater or lesser number of shares without thereby changing the proportionate beneficial interest of a shareholder in the Fund. Shares do not have cumulative voting rights or preemptive or subscription rights. Shares may be voted in person or by proxy.

The Fund's Declaration of Trust contains an express disclaimer of shareholder or Trustee liability for the Fund's obligations, and provides for indemnification and reimbursement of expenses out of its property for any shareholder held personally liable for its obligations. The Declaration of Trust also provides that the Fund shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Fund and satisfy any judgment thereon. Thus, while Massachusetts law permits a shareholder of a business trust (such as the Fund) to be held personally liable as a "partner" under certain circumstances, the risk of a Fund shareholder incurring financial loss on account of shareholder liability is limited to the relatively remote circumstances in which the Fund would be unable to meet its

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obligations described above. Any person doing business with the Trust, and any shareholder of the Trust, agrees under the Trust's Declaration of Trust to look solely to the assets of the Trust for satisfaction of any claim or demand which may arise out of any dealings with the Trust, and the Trustees shall have no personal liability to any such person, to the extent permitted by law.

TRUSTEES AND OFFICERS OF THE FUND. The Fund's Trustees and officers, one of which is the Fund's portfolio manager, are listed below, together with principal occupations and business affiliations during the past five years. The address of each is Two World Trade Center, New York, New York 10048, except as noted. As of January 5, 1996 the Trustees and officers of the Fund as a group owned less than 1% of the outstanding shares of class of the Fund.

BRIDGET A. MACASKILL, CHAIRMAN OF THE BOARD OF TRUSTEES AND PRESIDENT*; AGE: 47.

Chairman of the Board, President and Trustee of the Fund, Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth; Chief Executive Officer of the Manager; President and Chief Operating Officer of the Manager; prior thereto, Chief Operating Officer of the Adviser and Executive Vice President of the Manager from 1987-1989. Vice President and a Director of Oppenheimer Acquisition Corp., Director of Oppenheimer Partnership Holdings, Inc., Chairman and a Director of Oppenheimer Shareholder Services, Director of Main Street Advisers, Inc., and Director of HarbourView Asset Management Corporation, all of which are subsidiaries of the Adviser; a Trustee of the New York-based Oppenheimer funds.

JOHN CANNON, TRUSTEE; AGE: 65
620 Sentry Parkway West, Suite 220, Blue Bell, Pennsylvania 19422

Chairman and Treasurer, CDC Associates, Inc., registered investment adviser, 1993-present; prior thereto, President, AMA Investment Advisers, Inc., a mutual fund investment adviser, 1976-1991; Senior Vice President AMA Investment Advisers, Inc., 1991-1993; Director, Neuberger & Berman Income Managers Trust, Neuberger & Berman Income Funds and Neuberger & Berman Income Trust, 1995-present; Trustee of Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth since 1992.

PAUL Y. CLINTON, DIRECTOR; AGE: 64
946 Morris Avenue, Bryn Mawr, Pennsylvania 19010

Director, External Affairs, Kravco Corporation, a national real estate owner and property management corporation; formerly President of Essex Management Corporation, a management consulting company; Trustee of Capital Cash Management Trust, Prime Cash Fund and Short Term Asset Reserves, each of which is a money-market fund; Director of Oppenheimer Quest Value Fund, Inc., Oppenheimer Quest Global Value Fund, Inc., and Quest Cash Reserves, Inc. and Trustee of Quest For Value Accumulation Trust, all of which are open-end investment companies. Formerly a general partner of Capital Growth Fund, a venture capital partnership; formerly a general partner of Essex Limited Partnership, an investment partnership; formerly President of Geneve Corp., a venture capital fund; formerly Chairman of Woodland Capital Corp., a small business investment company; formerly Vice President of W.R. Grace & Co. Trustee of Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth.

* A Trustee who is an "interested person" as defined in the Investment Company Act.

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THOMAS W, COURTNEY, DIRECTOR; AGE: 62
P.O. Box 580, Sewickley, Pennsylvania 15143

Principal of Courtney Associates, Inc., a venture capital firm; former General Partner of Trivest Venture Fund, a private venture capital fund; former President of Investment Counseling Federated Investors, Inc.; Trustee of Cash Assets Trust, a money market fund; Director of Quest Cash Reserves, Inc., Oppenheimer Quest Value Fund, Inc. and Oppenheimer Quest Global Value Fund, Inc. and Trustee of Quest for Value Accumulation Trust, all of which are open-end investment companies; former President of Boston Company Institutional Investors; Trustee of Hawaiian Tax-Free Trust and Tax Free Trust of Arizona, tax-exempt bond funds; Director of several privately owned corporations; former Director of Financial Analysts Federation; Trustee of Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth.

LACY B. HERRMANN, DIRECTOR; AGE: 66
380 Madison Avenue, Suite 2300, New York, New York 10017

President and Chairman of the Board of Aquila Management Corporation, the sponsoring organization and Administrator and/or Sub-Adviser to the following open-end investment companies, and Chairman of the Board of Trustees and President of each: Churchill Cash Reserves Trust, Short Term Asset Reserves, Pacific Capital Cash Assets Trust, Pacific Capital U.S. Treasuries Cash Assets Trust, Pacific Capital Tax-Free Cash Assets Trust, Prime Cash Fund, Narragansett Insured Tax-Free Income Fund, Tax-Free Fund For Utah, Churchill Tax-Free Fund of Kentucky, Tax-Free Fund of Colorado, Tax-Free Trust of Oregon, Tax-Free Trust of Arizona, Hawaiian Tax-Free Trust, and Aquila Rocky Mountain Equity Fund; Vice President, Director, Secretary, and formerly Treasurer of Aquila Distributors, Inc., distributor of the above funds; President and Chairman of the Board of Trustees of Capital Cash Management Trust ("CCMT"), and an Officer and Trustee/Director of its predecessors; President and Director of STCM Management Company, Inc., sponsor and adviser to CCMT; Chairman, President and a Director

of InCap Management Corporation, formerly sub-adviser and administrator of Prime Cash Fund and Short Term Asset Reserves; Director or Trustee of Quest Cash Reserves, Inc., Oppenheimer Quest Global Value Fund, Inc. and Oppenheimer Quest Value Fund, Inc. and Trustee of Quest for Value Accumulation Trust and The Saratoga Advantage Trust, each of which is an open-end investment company; Trustee of Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth; Trustee of Brown University.

GEORGE LOFT, DIRECTOR, AGE: 80
51 Herrick Road
Sharon, Connecticut 06069

Private Investor; Director of Quest Cash Reserves, Inc., Oppenheimer Quest for Value Fund, Inc. and Oppenheimer Quest Global Value Fund, Inc. and Trustee of Quest for Value Accumulation Trust and The Saratoga Advantage Trust, all of which are open-end investment companies, and Director of the Quest for Value Dual Purpose Fund, Inc., a closed-end investment company; Trustee of Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth.

RONALD H. FIELDING, VICE PRESIDENT; AGE: 46
350 Linden Oaks, Rochester, New York 14625

Vice President of the Fund and Rochester Portfolio Series-Limited Term New York Municipal Fund, January 5, 1996-present; Senior Vice President and Portfolio Manager of the Manager, January 5, 1996-present; President of the Rochester Division of the Manager, January 4, 1996-present; President and Trustee of the Fund, 1986-January 5, 1996; Portfolio Manager of the Fund, 1986-present; President and Trustee of

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Rochester Portfolio Series - Limited Term New York Municipal Fund, 1991-January 4, 1996; President and Trustee of Rochester Fund Series - The Bond Fund For Growth, 1986-January 4, 1996; President and Director of Rochester Tax Managed Fund, Inc., 1985-1995; President and a director, Fielding Management Company, Inc. (1988-present); President and a director, Rochester Fund Distributors, Inc. (1990-present); President and a director, Rochester Capital Advisors, Inc. (1993-present); President and a director, Rochester Fund Services, Inc. (1986-present).

ANDREW J. DONOHUE, SECRETARY; AGE: 45

Secretary of the Fund, Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth; Executive Vice President and General Counsel of the Manager and the Distributor; an officer of other Oppenheimer funds; formerly Senior Vice President and Associate General Counsel of the Manager and the Distributor, partner in Kraft & McManimon (a law firm), an officer of First Investors Corporation (a broker-dealer) and First Investors Management Company, Inc. (broker-dealer and investment adviser), and a director and an officer of First Investors Family of Funds and First Investors Life Insurance Company.

GEORGE C. BOWEN, TREASURER; AGE: 59
3410 South Galena Street Denver, Colorado 80231

Treasurer of the Fund, Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth; Senior Vice President and Treasurer of the Manager; Vice President and Treasurer of the Distributor and HarbourView Asset Management Corporation; Senior Vice President, Treasurer, Assistant Secretary and a director of Centennial Asset Management Corporation, an investment advisory subsidiary of the Manager; Vice President, Treasurer and Secretary of the Agent and Shareholder Financial Services, Inc., a transfer agent subsidiary of the Manager; an officer of other Oppenheimer funds.

ROBERT G. ZACK, ASSISTANT SECRETARY; AGE: 47

Assistant Secretary of the Fund, Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth; Senior Vice President and Associate General Counsel of the Manager; Assistant Secretary of SSI and SFSI; an officer of other Oppenheimer funds.

ROBERT BISHOP, ASSISTANT TREASURER; AGE: 36
3410 South Galena Street, Denver, Colorado 80231

Assistant Treasurer of the Fund, Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth; Assistant Vice President of the Manager/Mutual Fund Accounting; an officer of other Oppenheimer funds; previously a Fund Controller for the Manager, prior to which he was an Accountant for Yale & Seffinger, P.C., an accounting firm, and previously an Accountant and Commissions Supervisor for Stuart James Company Inc., a broker-dealer.

SCOTT FARRAR, ASSISTANT TREASURER; AGE: 30

Assistant Treasurer of the Fund, Rochester Portfolio Series-Limited Term New York Municipal Fund and Rochester Fund Series-The Bond Fund For Growth; Assistant Vice President of the Manager/Mutual Fund Accounting; an officer of other Oppenheimer funds; previously a Fund Controller for the Manager, prior to which he was an International Mutual Fund Supervisor for Brown Brothers Harriman & Co., a bank, and previously a Senior Fund Accountant for State Street Bank & Trust Company.

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-- REMUNERATION OF TRUSTEES. All officers of the Fund and Ms. Macaskill, a Trustee and President, are officers or directors of the Manager and receive no salary or fee from the Fund. The following table sets forth the aggregate compensation received by the non-interested Trustees from the Fund during the fiscal year ended December 31, 1995.

<TABLE>
<CAPTION>

Name of Person	Pension or Retirement Compensation from the Fund(1)	Benefits Accrued as Part of Fund Expenses(2)	Estimated Annual Benefits Upon Retirement(2)	Total Compensation From Fund Complex(3)
<S>	<C>	<C>	<C>	<C>
John Cannon	\$19,900	\$43,667	\$13,500	\$29,400
Paul Y. Clinton	\$			\$
Thomas W. Courtney	\$			\$
Lacy B. Herrmann	\$			\$
George Loft	\$			\$

</TABLE>

(1) During the fiscal year ended December 31, 1995, only one of the Fund's current trustees, John Cannon, served as a Trustee of the Fund.

(2) The Board of Rochester Fund Municipals has adopted a Retirement Plan for Independent Trustees of that Fund. Under the terms of the Retirement Plan, as amended and restated on October 16, 1995, an eligible Trustee (an Independent Trustee who has served as such for at least three years prior to retirement) may receive an annual benefit equal to the product of \$1,500 multiplied by the number of years of service as an Independent Trustee up to a maximum of nine years. The maximum annual benefit which may be paid to an eligible Trustee under the Retirement Plan is \$13,500. The Retirement Plan will be effective for all eligible Trustees who have dates of retirement occurring on or after December 31, 1995. Subject to certain exceptions, retirement is mandatory at age 72 in order to qualify for the Retirement Plan. Although the Retirement Plan permits Eligible Trustees to elect early retirement at age 63, retirement benefits are not payable to Eligible Trustees who elect early retirement until age 65. The Retirement Plan provides that no Independent Trustee who is elected as a Trustee of Rochester Fund Municipals after September 30, 1995, will be eligible to receive benefits thereunder. Mr. Cannon is the only current Independent Trustee who may be eligible to receive benefits under the Retirement Plan. The estimate of annual benefits payable to Mr. Cannon under the Retirement Plan is based upon the assumption that Mr. Cannon, who was first elected as a Trustee of the Fund in 1992, will serve as an Independent Trustee for nine years.

(3) Includes compensation received during the fiscal year ended December 31, 1995, from all registered investment companies within the Fund Complex during that year which consisted of the Fund Rochester Portfolio Series-Limited Term New York Municipal Fund, Rochester Fund Series - The Bond Fund For Growth, and Rochester Tax Managed Fund, Inc. On June 28, 1995, Rochester Fund Series - The Bond Fund For Growth acquired all of the assets and assumed all of the liabilities of Rochester Tax Managed Fund, Inc.

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--MAJOR SHAREHOLDERS. As of December 15, 1995, no person owned of record or was known by the Fund to own beneficially 5% or more of outstanding voting securities of the Fund except Merrill Lynch Pierce Fenner & Smith, 4800 Deer Lake Drive, EFL 3, Jacksonville, Florida 32246 which was the record owner of 15% of the outstanding shares of the Fund.

the Manager AND ITS AFFILIATES. the Manager is wholly-owned by Oppenheimer Acquisition Corp. ("OAC"), a holding company controlled by Massachusetts Mutual Life Insurance Company. OAC is also owned in part by certain of the Manager's directors and officers, some of whom serve as officers of the Fund and one of whom (Ms. Macaskill) serves as a Trustee of the Fund. On January 4, 1996, the manager acquired substantially all of the assets of Rochester Capital Advisers, L.P. and Fielding Management Company, Inc. and was appointed investment adviser

to the Fund.

the Manager and the Fund have a Code of Ethics. It is designed to detect and prevent improper personal trading by certain employees, including portfolio managers, that would compete with or take advantage of the Fund's portfolio transactions. Compliance with the Code of Ethics is carefully monitored and strictly enforced by the Manager.

--THE INVESTMENT ADVISORY AGREEMENT. The Investment Advisory Agreement between the Manager and the Fund which was entered into on January 4, 1996 ("Advisory Agreement") requires the Manager, at its expense, to provide the Fund with adequate office space, facilities and equipment, and to provide and supervise the activities of all administrative and clerical personnel required to provide effective corporate administration for the Fund, including the compilation and maintenance of records with respect to its operations, the preparation and filing of specified reports, and the composition of proxy materials and registration statements for continuous public sale of shares of the Fund. For these services, the Manager will receive from the Fund an annual fee, computed and payable monthly as a percentage of average daily net assets, as follows: 0.54% of average daily net assets up to \$100 million; 0.52% of average daily net assets on the next \$150 million; 0.47% of average daily net assets on the next \$1,750 million; 0.46% of the next \$3 billion; and 0.45% of average daily net assets over \$5 billion.

Expenses not expressly assumed by the Manager under the Advisory Agreement or by the Distributor are paid by the Fund. The Advisory Agreement lists examples of expenses paid by the Fund, the major categories of which relate to interest, taxes, brokerage commissions, fees to certain Trustees, legal and audit expenses, custodian and transfer agent expenses, share issuance costs, certain printing and registration costs, and non-recurring expenses, including litigation. For the Fund's fiscal year ended December 31, 1995, the management fees paid by the Fund to its previous investment adviser, Rochester Capital Advisors, L.P. During the fiscal year ended December 31, 1994, management fees paid by the Fund consisted of \$5,010,516 paid to Rochester Capital Advisors, L.P. for the period from May 1, 1994 to December 31, 1994, and \$2,552,432 paid to Fielding Management Company, Inc. for the period from January 1, 1994 to April 30, 1994. During the fiscal year ended December 31, 1993, the Fund paid investment advisory fees of \$5,955,268 to Fielding Management Company, Inc. Fielding Management Company, Inc. served as investment adviser to the Fund from the commencement of its operations as an open-end investment company on May 15, 1986 through April 30, 1994. Rochester Capital Advisors, Inc. is the general partner of Rochester Capital Advisors, L.P.

The Advisory Agreement contains no expense limitation. However, independently of the Agreement, the Manager has voluntarily undertaken that the total expenses of the Fund in any fiscal year (exclusive of

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taxes, interest, brokerage commissions, and any extraordinary non-recurring expenses, such as litigation costs) shall not exceed the most stringent state regulatory limitation on Fund expenses applicable to the Fund. The payment of the management fee will be reduced so that at no time will there be any accrued but unpaid liability under the above expense limitation. the Manager reserves the right to amend or terminate this expense limitation at any time.

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

--THE DISTRIBUTOR. Under its General Distributor's Agreement with the Fund, which was entered into on January 4, 1996, the Distributor acts as the Fund's principal underwriter in the continuous public offering of the Fund's shares of beneficial interest, but is not obligated to sell a specific number of shares. Expenses normally attributable to sales (other than those paid under the Distribution and Service Plans, but including advertising and the cost of printing and mailing prospectuses, other than those furnished to existing shareholders) are borne by the Distributor. During the Fund's fiscal years ended December 31, 1993, 1994 and 1995, the aggregate amount of sales charge on sales of the Fund's shares was \$26,603,566, \$16,039,947, and \$8,868,211, respectively, of which Rochester Fund Distributors, Inc., the Fund's previous principal underwriter, retained \$3,347,397, \$2,015,030 and \$1,086,283 in those respective years. For additional information about distribution of the Fund's shares and the payments made by the Fund to the Distributor in connection with such activities, please refer to "The Fund's Service Plan," below.

--THE TRANSFER AGENT. OppenheimerFunds Services, the Fund's transfer agent, a division of the Manager, is responsible for maintaining shareholder accounting records, and for shareholder servicing and administrative functions. The Agent is compensated on the basis of a fixed fee per account. The compensation paid by the Fund for such services under a comparable arrangement with Rochester Fund Services, Inc., the Fund's previous shareholder services agent, for the fiscal years ending December 31, 1993, 1994 and 1995 was \$724,431, \$1,152,456 and \$1,267,809, respectively.

--ACCOUNTING AND RECORDKEEPING SERVICES. the Manager also provides certain accounting and recordkeeping services to the Fund pursuant to an Accounting and Administration Agreement entered into on January 4, 1996. The services provided pursuant to the Fund thereunder include the maintenance of general ledger accounts and records relating to the business of the Fund in the form required to comply with the Investment Company Act and the calculation of the daily net asset value of the Fund. The compensation paid by the Fund for such services to Rochester Fund Services, Inc. its previous shareholder services agent, for the fiscal years ended December 31, 1993, 1994 and 1995 was \$442,850, \$556,700 and \$607,025.

BROKERAGE POLICIES OF THE FUND

BROKERAGE PROVISIONS OF THE INVESTMENT ADVISORY AGREEMENT. One of the duties of the Manager under

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the Advisory Agreement is to arrange the portfolio transactions for the Fund. The Advisory Agreement contains provisions relating to the employment of broker-dealers ("brokers") to effect the Fund's portfolio transactions. In doing so, the Manager is authorized by the Advisory Agreement to employ broker-dealers, including "affiliated" brokers, as that term is defined in the Investment Company Act, as may, in its best judgment based on all relevant factors, implement the policy of the Fund to obtain, at reasonable expense, the "best execution" (prompt and reliable execution at the most favorable price obtainable) of such transactions. the Manager need not seek competitive commission bidding but is expected to minimize the commissions paid to the extent consistent with the interest and policies of the Fund as established by its Board of Trustees.

Under the Advisory Agreement, the Manager is authorized to select brokers that provide brokerage and/or research services for the Fund and/or the other accounts over which the Manager or its affiliates have investment discretion. The commissions paid to such brokers may be higher than another qualified broker would have charged if a good faith determination is made by the Manager that the commission is fair and reasonable in relation to the services provided. Subject to the foregoing considerations, the Manager may also consider sales of shares of the Fund and other investment companies managed by the Manager or its affiliates as a factor in the selection of brokers for the Fund's portfolio transactions.

DESCRIPTION OF BROKERAGE PRACTICES FOLLOWED BY the Manager. Subject to the provisions of the Advisory Agreement and the procedures and rules described above, allocations of brokerage are generally made by the Manager's portfolio traders based upon recommendations from the Manager's portfolio managers. In certain instances, portfolio managers may directly place trades and allocate brokerage, also subject to the provisions of the Advisory Agreement and the procedures and rules described above. In either case, brokerage is allocated under the supervision of the Manager's executive officers. Transactions in securities other than those for which an exchange is the primary market are generally done with principals or market makers. As stated in the prospectus, the portfolio securities of the Fund are generally traded on a net basis and, as such, do not involve the payment of brokerage commissions. It is the policy of the Manager to obtain the best net results in conducting portfolio transactions for the Fund, taking into account such factors as price (including the applicable dealer spread) and the firm's general execution capabilities. Where more than one dealer is able to provide the most competitive price, both the sale of Fund shares and the receipt of research may be taken into consideration as factors in the selection of dealers to execute portfolio transactions for the Fund. The transaction costs associated with such transactions consist primarily of the payment of dealer and underwriter spreads. Brokerage commissions are paid primarily for effecting transactions in listed securities and or for certain fixed-income agency transactions, in the secondary market, otherwise only if it appears likely that a better price or execution can be obtained. When possible, concurrent orders to purchase or sell the same security by more than one of the accounts managed by the Manager or its affiliates are combined. The transactions effected pursuant to such combined orders are averaged as to price and allocated in accordance with the purchase or sale orders actually placed for each account.

The research services provided by a particular broker may be useful in one or more of the advisory accounts of the Manager and its affiliates. The research services provided by brokers broaden the scope and supplement the research activities of the Manager, by making available additional views for consideration and comparisons. The Board of Trustees, including the

"independent" Trustees of the Fund (those Trustees of the Fund who are not "interested persons" as defined in the Investment Company Act, and who have no direct or indirect financial interest in the operation of the Advisory Agreement or the Distribution Plans described below) annually reviews information furnished by the Manager as to the commissions paid to

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brokers furnishing such services so that the Board may ascertain whether the amount of such commissions was reasonably related to the value or benefit of such services. The Fund did not incur costs for brokerage commissions in connection with its portfolio transactions during the fiscal years ended December 31, 1993, 1994 and 1995.

A change in securities held by the Fund is known as "portfolio turnover". As portfolio turnover increases, the Fund can be expected to incur brokerage commission expenses and transaction costs which will be borne by the Fund. In any particular year, however, market conditions could result in portfolio activity at a greater or lesser rate than anticipated. For the fiscal years ended December 31, 1993, 1994, and 1995 the Fund's portfolio turnover rates were and 18.27%, 34.39% and 14.54%, respectively.

PERFORMANCE OF THE FUND

YIELD AND TOTAL RETURN INFORMATION. As described in the Prospectus, from time to time the "standardized yield," "dividend yield," "average annual total return," "cumulative total return," "average annual total return at net asset value" and "total return at net asset value" of an investment in shares of the Fund may be advertised. An explanation of how these total returns are calculated and the components of those calculations is set forth below.

The Fund's advertisements of its performance data must, under applicable rules of the Securities and Exchange Commission, include the average annual total returns of the Fund for the 1, 5, and 10-year periods ending as of the most recently-ended calendar quarter prior to the publication of the advertisement. This enables an investor to compare the Fund's performance to the performance of other funds for the same periods. However, a number of factors should be considered before using such information as a basis for comparison with other investments. An investment in the Fund is not insured; its returns and share prices are not guaranteed and normally will fluctuate on a daily basis. When redeemed, an investor's shares may be worth more or less than their original cost. Returns for any given past period are not a prediction or representation by the Fund of future returns.

-- STANDARDIZED YIELDS

-- **YIELD.** The Fund's "yield" (referred to as "standardized yield") for a given 30-day period is calculated using the following formula set forth in rules adopted by the Securities and Exchange Commission that apply to all funds that quote yields:

$$\text{Standardized Yield} = 2 \left[\left(\frac{2-b}{cd} + 1 \right)^{\frac{6}{360}} - 1 \right]$$

The symbols above represent the following factors:

- a = dividends and interest earned during the 30-day period.
- b = expenses accrued for the period (net of any expense reimbursements).
- c = the average daily number of shares outstanding during the 30-day period that were entitled to receive dividends.
- d = the maximum offering price per share on the last day of the period, adjusted for undistributed net investment income.

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The standardized yield for a 30-day period may differ from its yield for any other period. The SEC formula assumes that the standardized yield for a 30-day period occurs at a constant rate for a six-month period and is annualized at the end of the six-month period. This standardized yield is not based on actual distributions paid by the Fund to shareholders in the 30-day period, but is a hypothetical yield based upon the net investment income from the Fund's portfolio investments calculated for that period. The standardized yield may differ from the "dividend yield", described below. For the 30-day period ended December 31, 1995, the standardized yields for the Fund's shares was 5.50%.

-- **TAX-EQUIVALENT YIELD.** The Fund's "tax-equivalent yield" adjusts the Fund's current yield, as calculated above, by a stated combined Federal, state and city tax rate. The tax-equivalent yield is based on a 30-day period, and is

computed by dividing the tax-exempt portion of the Fund's current yield (as calculated above) by one minus a stated income tax rate and adding the result to the portion (if any) of the Fund's current yield that is not tax exempt. The tax equivalent yield may be used to compare the tax effects of income derived from the Fund with income from taxable investments at the tax rates stated. The Fund's tax-equivalent yield (after expense assumptions by the Manager) for the 30-day period ended December 31, 1995, for an individual New York City resident in the 42.7% combined tax bracket was 9.6%.

-- DIVIDEND YIELD AND DISTRIBUTION RETURN. From time to time the Fund may quote a "dividend yield" or a "distribution return". Dividend yield is based on the dividends paid on shares of a class from dividends derived from net investment income during a stated period. Distribution return includes dividends derived from net investment income and from realized capital gains declared during a stated period. Under those calculations, the dividends and/or distributions for that class declared during a stated period of one year or less (for example, 30 days) are added together, and the sum is divided by the maximum offering price per share of that class on the last day of the period. When the result is annualized for a period of less than one year, the "dividend yield" is calculated as follows:

$$\text{Dividend Yield of the Class} = \frac{\text{Dividends of the Class}}{\text{Max. Offering Price of the Class (last day of period)} \times \text{Number of Days (accrual period)} \times 365}$$

The maximum offering price includes the maximum front-end sales charge.

From time to time similar yield or distribution return calculations may also be made using the net asset value (instead of its maximum offering price) at the end of the period. The dividend yield for the 30-day period ended December 31, 1995 were 5.31% and 5.43% when calculated at maximum offering price and at net asset value, respectively.

-- TOTAL RETURN INFORMATION

-- Average Annual Total Returns. The "average annual total return" is an average annual compounded rate of return for each year in a specified number of years. It is the rate of return based on the change in value of a hypothetical initial investment of \$1,000 ("P" in the formula below) held for a number of years ("n") to achieve an Ending Redeemable Value ("ERV") of that investment, according to the following formula:

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$$\left(\frac{\text{ERV}}{\text{P}} \right)^{1/n} - 1 = \text{Average Annual Total Return}$$

-- CUMULATIVE TOTAL RETURNS. The cumulative "total return" calculation measures the change in value of a hypothetical investment of \$1,000 over an entire period of years. Its calculation uses some of the same factors as average annual total return, but it does not average the rate of return on an annual basis. Cumulative total return is determined as follows:

$$\frac{\text{ERV} - \text{P}}{\text{P}} = \text{Total Return}$$

In calculating total return, the current maximum sales charge of 4.0% (as a percentage of the offering price) is deducted from the initial investment ("P") (unless the return is shown at net asset value, as described below). Total returns also assume that all dividends and capital gains distributions during the period are reinvested to buy additional shares at net asset value per share, and that the investment is redeemed at the end of the period. The "average annual total returns" on an investment in shares of the Fund for the one and five year periods ended December 31, 1995 and for the period from May 15, 1986 through December 31, 1995, were 13.83%, 8.44% and 8.36%, respectively. The cumulative "total return" on shares of the Fund for the period from May 15, 1986 through December 31, 1995 was 115.97%.

-- TOTAL RETURNS AT NET ASSET VALUE. From time to time the Fund may also quote an average annual total return at net asset value or a cumulative total return at net asset value. Each is based on the difference in net asset value per share at the beginning and the end of the period for a hypothetical investment in shares of the Fund (without considering the front-end sales charge) and takes into consideration the reinvestment of dividends and capital gains distributions. The Fund's cumulative total return at net asset value for the one year period ended December 31, 1995 and the period from May 15, 1986 through December 31, 1995 was 18.58% and 124.92%, respectively.

OTHER PERFORMANCE COMPARISONS. From time to time the Fund may publish the ranking of its shares by Lipper Analytical Services, Inc. ("Lipper"), a widely-recognized independent service. Lipper monitors the performance of regulated investment companies, including the Fund, and ranks their performance for various periods based on categories relating to investment objectives. The performance of the Fund is ranked against (i) all other funds (excluding money market funds) and (ii) all other New York municipal bond funds. The Lipper performance rankings are based on total returns that include the reinvestment of capital gain distributions and income dividends but do not take sales charges or taxes into consideration.

From time to time the Fund may publish the ranking of its performance by Morningstar, Inc., an independent mutual fund monitoring service that ranks mutual funds, including the Fund, monthly in broad investment categories (equity, taxable bond, municipal bond and hybrid) based on risk-adjusted investment return. Investment return measures a fund's three, five and ten-year average annual total returns (when

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available) in excess of 90-day U.S. Treasury bill returns after considering sales charges and expenses. Risk reflects fund performance below 90-day U.S. Treasury bill monthly returns. Risk and return are combined to produce star rankings reflecting performance relative to the average fund in a fund's category. Five stars is the "highest" ranking (top 10%), four stars is "above average" (next 22.5%), three stars is "average" (next 35%), two stars is "below average" (next 22.5%) and one star is "lowest" (bottom 10%). Morningstar ranks the performance of the Fund in relation to that of other New York State municipal bond funds. Rankings are subject to change.

The total return on an investment in the Fund may be compared with performance for the same period of comparable indices, including but not limited to The Bond Buyer Municipal Bond Index and the Lehman Brothers Municipal Long Bond Index. The Bond Buyer Municipal Bond Index is an unmanaged index which consists of 40 long-term municipal bonds. The index is based on price quotations provided by six municipal bond dealer-to-dealer brokers. The Lehman Brothers Municipal Bond Index is a broadly based, widely recognized unmanaged index of municipal bonds. Whereas the Fund's portfolio comprises bonds principally from New York State, the Indices are comprised of bonds from all 50 states and many jurisdictions. Index performance reflects the reinvestment of income but does not consider the effect of capital gains or transaction costs. Any other index selected for comparison would be similar in composition to one of these two indices.

Investors may also wish to compare the return on the Fund's shares to the returns on fixed income investments available from banks and thrift institutions, such as certificates of deposit, ordinary interest-paying checking and savings accounts, and other forms of fixed or variable time deposits, and various other instruments such as Treasury bills. However, the Fund's returns and share price are not guaranteed by the FDIC or any other agency and will fluctuate daily, while bank depository obligations may be insured by the FDIC and may provide fixed rates of return, and Treasury bills are guaranteed as to principal and interest by the U.S. government.

From time to time, the Fund's Adviser may publish rankings or ratings of the Manager (or other service providers) or the investor services provided by them to shareholders of the Oppenheimer funds, other than performance rankings of the Oppenheimer funds themselves. Those ratings or rankings of shareholder/investor services by third parties may compare the Oppenheimer Funds' services to those of other mutual fund families selected by the rating or ranking services and may be based upon the opinions of the rating or ranking service itself, based on its research or judgment, or based upon surveys of investors, brokers, shareholders or others.

The performance of the Fund's shares may also be compared in publications to (i) the performance of various market indices or to other investments for which reliable performance data is available, and (ii) to averages, performance rankings or other benchmarks prepared by recognized mutual fund statistical services.

THE FUND'S SERVICE PLAN

The Fund has adopted a Service Plan under Rule 12b-1 of the Investment Company Act, pursuant to which the Fund makes payments to the Distributor in connection with the distribution and/or servicing of shares as described in the Prospectus. The Service Plan permits the Fund to pay its Distributor a service fee in connection with the distribution of shares of the Fund in an amount of up to 0.25% per annum of the

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Fund's average daily net assets (the "Service Fee"). The Service Fee is utilized to compensate broker-dealers and financial institutions, including the

Distributor (collectively, "Recipients"), for services performed and/or expenses incurred in servicing shareholder accounts. Although the terms of the Service Plan permit aggregate payments thereunder of up to 0.25% per annum of the Fund's average daily net assets, the Board of Trustees of the Fund has approved aggregate payments thereunder of only 0.15% per annum.

The Service Plan has been approved by a vote of (i) the Board of Trustees of the Fund, including a majority of the "Independent Trustees", cast in person at a meeting called for the purpose of voting on that Plan, and (ii) the holders of a "majority of the outstanding voting securities" of the Fund (as defined in the Investment Company Act). Unless terminated as described below, the Service Plan will continue in effect from year to year but only as long as such continuance is specifically approved at least annually by the Fund's Board of Trustees, including the Independent Trustees, by a vote cast in person at a meeting called for the purpose of voting on such continuance. The Service Plan may be terminated at any time by the vote of a majority of the Independent Trustees or by the vote of the holders of a "majority of the outstanding voting securities" of the Fund (as defined in the Investment Company Act). The Service Plan may not be amended to increase materially the amount of payments to be made unless such amendment is approved by the holders of a "majority of the outstanding voting securities" of the Fund (as defined in the Investment Company Act).

While the Service Plan is in effect, the Treasurer of the Fund shall provide written reports to the Fund's Board of Trustees at least quarterly for its review, detailing the amount of all payments made pursuant to the Service Plan, the identity of each Recipient that received any such payment, and the purpose of the payments. Those reports will be subject to the review and approval of the Independent Trustees in the exercise of their fiduciary duty. The Service Plan further provides that while it is in effect, the selection or replacement and nomination of those Trustees of the Fund who are not "interested persons" of the Fund is committed to the discretion of the Independent Trustees. This does not prevent the involvement of others in such selection and nomination if the final decision as to any such selection or nomination is approved by a majority of such Independent Trustees.

For the fiscal year ended December 31, 1995, payments under the Fund's previous Distribution Plan, which was in effect during that year, totalled \$3,452,348, which consisted of Service Fee payments to Recipients of \$2,757,558 and asset based sales charge payments of \$694,790. The aggregate Service Fee payments to Recipients included an amount of \$2,503,608 paid to Rochester Fund Distributors, Inc., the Fund's previous principal underwriter for its services in maintaining shareholder accounts as to which it was the dealer of record. Rochester Fund Distributors, Inc. paid a total of \$2,698,619 to broker dealers in service fees in 1995. The aggregate asset based sales charge payments consisted of \$____. The Fund's previous Distribution Plan was amended, effective as of May 1, 1995, to eliminate the asset based sales charge component of the Distribution Plan.

ABOUT YOUR ACCOUNT

HOW TO BUY SHARES

See How to Buy Shares in the Prospectus for a description of how shares of the Fund are offered to the Public and how the excess of the public offering price over the net amount invested is allocated to authorized dealers. The Prospectus also describes several special purchase plans and methods by which shares may be purchased at reduced sales loads, including certain classes of persons who may purchase

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shares at net asset value. As discussed in the Prospectus, a reduced sales charge rate may be obtained for the purchase of shares under Right of Accumulation and Letters of Intent because of the economies of sales efforts and expenses realized by the Distributor, dealers and brokers making such sales. No sales charge is imposed in certain circumstances described in the Prospectus because the Distributor or dealer or broker incurs little or no selling expenses. The term "immediate family" refers to one's spouse, children, grandchildren, parents, grandparents, parents-in-law, brothers and sisters, sons- and daughters-in-law, siblings, a sibling's spouse and a spouse's siblings.

DETERMINATION OF NET ASSET VALUE PER SHARE. The net asset value per share of shares of the Fund is determined as of the close of business of The New York Stock Exchange on each day that the Exchange is open, by dividing the value of the Fund's net assets attributable to that class by the number of shares of that class outstanding. The Exchange normally closes at 4:00 P.M., New York time, but may close earlier on some days (for example, in case of weather emergencies or on days falling before a holiday). The Exchanges most recent annual holiday schedule (which is subject to change) states that it will close on New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. It may also close on other days. Trading may

occur in debt securities and in foreign securities when the Exchange is closed (including weekends and holidays). Because the Fund's net asset value will not be calculated on those days, the Fund's net asset value per share may be significantly affected on such days when shareholders may not purchase or redeem shares.

The Fund's Board of Trustees has established procedures for the valuation of the Fund's securities, generally as follows: (i) equity securities traded on a securities exchange or on the Nasdaq National Market System ("Nasdaq") are valued at the last reported sale prices on their primary exchange or Nasdaq that day (or, in the absence of sales that day, at values based on the last sale prices of the preceding trading day, or closing bid and asked prices); (ii) securities actively traded on a foreign securities exchange are valued at the last sales price available to the pricing service approved by the Fund's Board of Trustees or to the Manager as reported by the principal exchange on which the security is traded; (iii) unlisted foreign securities or listed foreign securities not actively traded are valued as in (i) above, if available, or at the mean between "bid" and "asked" prices obtained from active market makers in the security on the basis of reasonable inquiry; (iv) long-term debt securities having a remaining maturity in excess of 60 days are valued at the mean between the "bid" and "asked" prices determined by a portfolio pricing service approved by the Fund's Board of Trustees or obtained from active market makers in the security on the basis of reasonable inquiry; (v) debt instruments having a maturity of more than one year when issued, and non-money market type instruments having a maturity of one year or less when issued, which have a remaining maturity of 60 days or less are valued at the mean between "bid" and "asked" prices determined by a pricing service approved by the Fund's Board of Trustees or obtained from active market makers in the security on the basis of reasonable inquiry; (vi) money market-type debt securities having a maturity of less than one year when issued that having a remaining maturity of 60 days or less are valued at cost, adjusted for amortization of premiums and accretion of discounts; and (vii) securities (including restricted securities) not having readily-available market quotations are valued at fair value under the Board's procedures.

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ACCOUNTLINK. When shares are purchased through AccountLink, each purchase must be at least \$25.00. Shares will be purchased on the regular business day the Distributor is instructed to initiate the Automated Clearing House transfer to buy shares. Dividends will begin to accrue on shares purchased by the proceeds of ACH transfers on the business day the Fund receives Federal Funds for the purchase through the ACH system before the close of The New York Stock Exchange. The Exchange normally closes at 4:00 P.M., but may close earlier on certain days. If Federal Funds are received on a business day after the close of the Exchange, the shares will be purchased and dividends will begin to accrue on the next regular business day. The proceeds of ACH transfers are normally received by the Fund 3 days after the transfers are initiated. The Distributor and the Fund are not responsible for any delays in purchasing shares resulting from delays in ACH transmissions.

REDUCED SALES CHARGES. See How to Purchase Shares in the Prospectus for a description of how Shares of each class are offered to the public and how the excess of public offering price over the net amount invested, if any, is allocated to authorized dealers. The Prospectus describes several special purchase plans and methods by which Shares of each class may be purchased. As discussed in the Prospectus, a reduced sales charge rate may be obtained for Class A shares under Right of Accumulation and Letters of Intent because of the economies of sales efforts and expenses realized by the Distributor, dealers and brokers making such sales. No sales charge is imposed in certain circumstances described in the Prospectus because the Distributor or dealer or broker incurs little or no selling expenses. The term "immediate family" refers to one's spouse, children, grandchildren, parents, grandparents, parents-in-law, brothers and sisters, sons-and daughters-in-law, siblings, a sibling's spouse and a spouse's siblings.

-- THE OPPENHEIMER FUNDS. The Oppenheimer funds are those mutual funds for which the Distributor acts as the distributor or the sub-distributor and include the following:

Oppenheimer Tax-Free Bond Fund
Oppenheimer New York Tax-Exempt Fund
Oppenheimer California Tax-Exempt Fund
Oppenheimer Intermediate Tax-Exempt Fund
Oppenheimer Insured Tax-Exempt Fund
Oppenheimer Main Street California Tax-Exempt Fund
Oppenheimer Florida Tax-Exempt Fund
Oppenheimer Pennsylvania Tax-Exempt Fund
Oppenheimer New Jersey Tax-Exempt Fund
Oppenheimer Discovery Fund
Oppenheimer Fund
Oppenheimer Target Fund

Oppenheimer Growth Fund
Oppenheimer Equity Income Fund
Oppenheimer Value Stock Fund
Oppenheimer Asset Allocation Fund
Oppenheimer Total Return Fund, Inc.

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Oppenheimer Main Street Income & Growth Fund
Oppenheimer High Yield Fund
Oppenheimer Champion High Yield Fund
Oppenheimer U.S. Government Trust
Oppenheimer Limited-Term Government Fund
Oppenheimer Global Fund
Oppenheimer Global Emerging Growth Fund
Oppenheimer Global Growth & Income Fund
Oppenheimer Gold & Special Minerals Fund
Oppenheimer Strategic Income Fund
Oppenheimer Strategic Income & Growth Fund
Oppenheimer Bond Fund
Oppenheimer International Bond Fund
and the following "Money Market Funds":

Oppenheimer Money Market Fund, Inc.
Oppenheimer Cash Reserves
Centennial Money Market Trust
Centennial Tax Exempt Trust
Centennial Government Trust
Centennial New York Tax Exempt Trust
Centennial California Tax Exempt Trust
Centennial America Fund, L.P.
Daily Cash Accumulation Fund, Inc.

There is an initial sales charge on the purchase of Class A shares of each of the Oppenheimer funds except Money Market Funds (under certain circumstances described herein, redemption proceeds of Money Market Fund shares may be subject to a contingent deferred sales charge).

-- LETTERS OF INTENT. A Letter of Intent (referred to as a "Letter") is an investor's statement in writing to the Distributor of the intention to purchase shares of the Fund (and Class A Shares of other Oppenheimer funds) during a 13-month period (the "Letter of Intent period"), which may, at the investor's request, include purchases made up to 90 days prior to the date of the Letter. The Letter states the investor's intention to make the aggregate amount of purchases of shares which, when added to the investor's holdings of shares of those funds, will equal or exceed the amount specified in the Letter. Purchases made by reinvestment of dividends or distributions of capital gains and purchases made at net asset value without sales charge do not count toward satisfying the amount of the Letter. A Letter enables an investor to count the shares of the Fund and the Class A Shares of other Oppenheimer funds purchased under the Letter to obtain the reduced sales charge rate on purchases of shares of the Fund (and Class A Shares other Oppenheimer funds) that applies under the Right of Accumulation to current purchases of such shares. Each purchase of shares of the Fund and Class A Shares under the Letter will be made at the public offering price (including the sales charge) that applies to a single lump-sum purchase of shares in the amount intended to be purchased under the Letter.

In submitting a Letter, the investor makes no commitment to purchase shares, but if the investor's purchases of shares within the Letter of Intent period, when added to the value (at offering

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price) of the investor's holdings of shares on the last day of that period, do not equal or exceed the intended purchase amount, the investor agrees to pay the additional amount of sales charge applicable to such purchases, as set forth in "Terms of Escrow," below (as those terms may be amended from time to time). The investor agrees that shares equal in value to 5% of the intended purchase amount will be held in escrow by the Transfer Agent subject to the Terms of Escrow. Also, the investor agrees to be bound by the terms of the Prospectus, this Statement of Additional Information and the Application used for such Letter of Intent, and if such terms are amended, as they may be from time to time by the Fund, that those amendments will apply automatically to existing Letters of Intent.

For purchases of shares of the Fund and other Oppenheimer funds by OppenheimerFunds prototype 401(k) plans under a Letter of Intent, the Transfer Agent will not hold shares in escrow. If the intended purchase amount under the Letter entered into by an OppenheimerFunds prototype 401(k) plan is not purchased by the plan by the end of the Letter of Intent period, there will be

no adjustment of commissions paid to the broker-dealer or financial institution of record for accounts held in the name of that plan.

If the total eligible purchases made during the Letter of Intent period do not equal or exceed the intended purchase amount, the commissions previously paid to the dealer of record for the account and the amount of sales charge retained by the Distributor will be adjusted to the rates applicable to actual purchases. If total eligible purchases during the Letter of Intent period exceed the intended purchase amount and exceed the amount needed to qualify for the next sales charge rate reduction set forth in the applicable prospectus, the sales charges paid will be adjusted to the lower rate, but only if and when the dealer returns to the Distributor the excess of the amount of commissions allowed or paid to the dealer over the amount of commissions that apply to the actual amount of purchases. The excess commissions returned to the Distributor will be used to purchase additional shares for the investor's account at the net asset value per share in effect on the date of such purchase, promptly after the Distributor's receipt thereof.

In determining the total amount of purchases made under a Letter, shares redeemed by the investor prior to the termination of the Letter of Intent period will be deducted. It is the responsibility of the dealer of record and/or the investor to advise the Distributor about the Letter in placing any purchase orders for the investor during the Letter of Intent period. All of such purchases must be made through the Distributor.

-- Terms of Escrow That Apply to Letters of Intent.

1. Out of the initial purchase (or subsequent purchases if necessary) made pursuant to a Letter, shares of the Fund equal in value up to 5% of the intended purchase amount specified in the Letter shall be held in escrow by the Transfer Agent. For example, if the intended purchase amount is \$50,000, the escrow shall be shares valued in the amount of \$2,500 (computed at the public offering price adjusted for a \$50,000 purchase). Any dividends and capital gains distributions on the escrowed shares will be credited to the investor's account.

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2. If the intended purchase amount specified under the Letter is completed within the thirteen-month Letter of Intent period, the escrowed shares will be promptly released to the investor.

3. If, at the end of the thirteen-month Letter of Intent period the total purchases pursuant to the Letter are less than the intended purchase amount specified in the Letter, the investor must remit to the Distributor an amount equal to the difference between the dollar amount of sales charges actually paid and the amount of sales charges which would have been paid if the total amount purchased had been made at a single time. Such sales charge adjustment will apply to any shares redeemed prior to the completion of the Letter. If such difference in sales charges is not paid within twenty days after a request from the Distributor or the dealer, the Distributor will, within sixty days of the expiration of the Letter, redeem the number of escrowed shares necessary to realize such difference in sales charges. Full and fractional shares remaining after such redemption will be released from escrow. If a request is received to redeem escrowed shares prior to the payment of such additional sales charge, the sales charge will be withheld from the redemption proceeds.

4. By signing the Letter, the investor irrevocably constitutes and appoints the Transfer Agent as attorney-in-fact to surrender for redemption any or all escrowed shares.

5. The shares eligible for purchase under the Letter (or the holding of which may be counted toward completion of a Letter) include (a) Class A shares sold with a front-end sales charge or subject to a Class A contingent deferred sales charge, (b) Class B shares of other Oppenheimer funds acquired subject to a contingent deferred sales charge, and (c) Class A shares or Class B shares acquired in exchange for either (i) Class A shares of one of the other Oppenheimer funds that were acquired subject to a Class A initial or contingent deferred sales charge or (ii) Class B shares of one of the other Oppenheimer funds that were acquired subject to a contingent deferred sales charge.

6. Shares held in escrow hereunder will automatically be exchanged for shares of another fund to which an exchange is requested, as described in the section of the Prospectus entitled "How to Exchange Shares," and the escrow will be transferred to that other fund.

ASSET BUILDER PLANS. To establish an Asset Builder Plan from a bank account, a check (minimum \$25) for the initial purchase must accompany the application. Shares purchased by Asset Builder Plan payments from bank accounts are subject to the redemption restrictions for recent purchases described in "How To Sell Shares," in the Prospectus. Asset Builder Plans also enable shareholders of Oppenheimer Cash Reserves to use those accounts for monthly automatic purchases of shares of up to four other Oppenheimer funds.

There is a front-end sales charge on the purchase of certain Oppenheimer funds, or a contingent deferred sales charge may apply to shares purchased by Asset Builder payments. An application should be obtained from the Distributor, completed and returned, and a prospectus of the selected fund(s) should be obtained from the Distributor or your financial advisor before initiating Asset Builder payments. The amount of the Asset Builder investment may be changed or the automatic investments may be terminated at any time by writing to the Transfer Agent. A reasonable period (approximately 15 days) is required after the Transfer Agent's receipt of such instructions to implement them. The Fund reserves the right to amend, suspend, or discontinue

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offering such plans at any time without prior notice.

CANCELLATION OF PURCHASE ORDERS. Cancellation of purchase orders for the Fund's shares (for example, when a purchase check is returned to the Fund unpaid) causes a loss to be incurred when the net asset value of the Fund's shares on the cancellation date is less than on the purchase date. That loss is equal to the amount of the decline in the net asset value per share multiplied by the number of shares in the purchase order. The investor is responsible for that loss. If the investor fails to compensate the Fund for the loss, the Distributor will do so. The Fund may reimburse the Distributor for that amount by redeeming shares from any account registered in that investor's name, or the Fund or the Distributor may seek other redress.

HOW TO SELL SHARES

Information on how to sell shares of the Fund is stated in the Prospectus. The information below supplements the terms and conditions for redemptions set forth in the Prospectus.

-- **CHECKWRITING.** When a check is presented to the Bank for clearance, the Bank will ask the Fund to redeem a sufficient number of full and fractional shares in the shareholder's account to cover the amount of the check. This enables the shareholder to continue receiving dividends on those shares until the check is presented to the Fund. Checks may not be presented for payment at the offices of the Bank or the Fund's Custodian. This limitation does not affect the use of checks for the payment of bills or to obtain cash at other banks. The Fund reserves the right to amend, suspend or discontinue offering checkwriting privileges at any time without prior notice.

-- **INVOLUNTARY REDEMPTIONS.** The Fund's Board of Trustees has the right to cause the involuntary redemption of the shares held in any account if the aggregate net asset value of those shares is less than \$_____ or such lesser amount as the Board may fix. The Board of Trustees will not cause the involuntary redemption of shares in an account if the aggregate net asset value of the shares has fallen below the stated minimum solely as a result of market fluctuations. Should the Board elect to exercise this right, it may also fix, in accordance with the Investment Company Act, the requirements for any notice to be given to the shareholders in question (not less than 30 days), or the Board may set requirements for granting permission to the Shareholder to increase the investment, and set other terms and conditions so that the shares would not be involuntarily redeemed.

REINVESTMENT PRIVILEGE. Within six months of a redemption, a shareholder may reinvest all or part of the redemption proceeds at net asset value as described herein. The reinvestment may be made without sales charge only in shares of the Fund or in Class A Shares any of the other Oppenheimer funds into which shares of the Fund are exchangeable as described below, at the net asset value next computed after the Transfer Agent receives the reinvestment order. The shareholder must ask the Distributor for that privilege at the time of reinvestment. Any capital gain that was realized when the shares were redeemed is taxable, and reinvestment will not alter any capital gains tax payable on that gain. If there has been a capital loss on the redemption, some or all of the loss may not be tax deductible, depending on the timing and amount of the reinvestment. Under the Internal Revenue Code, if the redemption proceeds of Fund shares on which a sales charge was paid are reinvested in shares of the Fund or another of the

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Oppenheimer funds within 90 days of payment of the sales charge, the shareholder's basis in the shares of the Fund that were redeemed may not include the amount of the sales charge paid. That would reduce the loss or increase the gain recognized from the redemption. However, in that case the sales charge would be added to the basis of the shares acquired by the reinvestment of the redemption proceeds. The Fund may amend, suspend or cease offering this reinvestment privilege at any time as to shares redeemed after the date of such amendment, suspension or cessation.

SPECIAL ARRANGEMENTS FOR REPURCHASE OF SHARES FROM DEALERS AND BROKERS. The

Distributor is the Fund's agent to repurchase its shares from authorized dealers or brokers. The repurchase price per share will be the net asset value next computed after the Distributor receives the order placed by the dealer or broker, except that if the Distributor receives a repurchase order from a dealer or broker after the close of The New York Stock Exchange on a regular business day, it will be processed at that day's net asset value if the order was received by the dealer or broker from its customers prior to the time the Exchange closes (normally, that is 4:00 P.M., but may be earlier on some days) and the order was transmitted to and received by the Distributor prior to its close of business that day (normally 5:00 P.M.). Ordinarily, for accounts redeemed by a broker-dealer under this procedure, payment will be made within three business days after the shares have been redeemed upon the Distributor's receipt the required redemption documents in proper form, with the signature(s) of the registered owners guaranteed on the redemption document as described in the Prospectus.

AUTOMATIC WITHDRAWAL AND EXCHANGE PLANS. Investors owning shares of the Fund valued at \$5,000 or more can authorize the Transfer Agent to redeem shares (minimum \$50) automatically on a monthly, quarterly, semi-annual or annual basis under an Automatic Withdrawal Plan. Shares will be redeemed three business days prior to the date requested by the shareholder for receipt of the payment. Automatic withdrawals of up to \$1,500 per month may be requested by telephone if payments are to be made by check payable to all shareholders of record and sent to the address of record for the account (and if the address has not been changed within the prior 30 days). Required minimum distributions from OppenheimerFunds-sponsored retirement plans may not be arranged on this basis. Payments are normally made by check, but shareholders having AccountLink privileges (see "How To Buy Shares") may arrange to have Automatic Withdrawal Plan payments transferred to the bank account designated on the OppenheimerFunds New Account Application or signature-guaranteed instructions. The Fund cannot guarantee receipt of a payment on the date requested and reserves the right to amend, suspend or discontinue offering such plans at any time without prior notice.

By requesting an Automatic Withdrawal or Exchange Plan, the shareholder agrees to the terms and conditions applicable to such plans, as stated below and in the provisions of the OppenheimerFunds Application relating to such Plans, as well as the Prospectus. These provisions may be amended from time to time by the Fund and/or the Distributor. When adopted, such amendments will automatically apply to existing Plans.

-- **AUTOMATIC EXCHANGE PLANS.** Shareholders can authorize the Transfer Agent (on the OppenheimerFunds Application or signature-guaranteed instructions) to exchange a pre-determined amount of shares of the Fund for shares (of the same class) of other Oppenheimer funds automatically on a monthly, quarterly, semi-annual or annual basis under an Automatic Exchange

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Plan. The minimum amount that may be exchanged to each other fund account is \$25. Exchanges made under these plans are subject to the restrictions that apply to exchanges as set forth in "How to Exchange Shares" in the Prospectus and below in this Statement of Additional Information.

-- **AUTOMATIC WITHDRAWAL PLANS.** Fund shares will be redeemed as necessary to meet withdrawal payments. Shares acquired without a sales charge will be redeemed first and shares acquired with reinvested dividends and capital gains distributions will be redeemed next, followed by shares acquired with a sales charge, to the extent necessary to make withdrawal payments. Depending upon the amount withdrawn, the investor's principal may be depleted. Payments made under withdrawal plans should not be considered as a yield or income on your investment.

The Transfer Agent will administer the investor's Automatic Withdrawal Plan (the "Plan") as agent for the investor (the "Planholder") who executed the Plan authorization and application submitted to the Transfer Agent. The Transfer Agent and the Fund shall incur no liability to the Planholder for any action taken or omitted by the Transfer Agent in good faith to administer the Plan. Certificates will not be issued for shares of the Fund purchased for and held under the Plan, but the Transfer Agent will credit all such shares to the account of the Planholder on the records of the Fund. Any share certificates held by a Planholder may be surrendered unendorsed to the Transfer Agent with the Plan application so that the shares represented by the certificate may be held under the Plan.

For accounts subject to Automatic Withdrawal Plans, distributions of capital gains must be reinvested in shares of the Fund, which will be done at net asset value without a sales charge. Dividends on shares held in the account may be paid in cash or reinvested.

Redemptions of shares needed to make withdrawal payments will be made at the net asset value per share determined on the redemption date. Checks or AccountLink payments of the proceeds of Plan withdrawals will normally be transmitted three business days prior to the date selected for receipt of the

payment (receipt of payment on the date selected cannot be guaranteed), according to the choice specified in writing by the Planholder.

The amount and the interval of disbursement payments and the address to which checks are to be mailed or AccountLink payments are to be sent may be changed at any time by the Planholder by writing to the Transfer Agent. The Planholder should allow at least two weeks' time in mailing such notification for the requested change to be put in effect. The Planholder may, at any time, instruct the Transfer Agent by written notice (in proper form in accordance with the requirements of the then-current Prospectus of the Fund) to redeem all, or any part of, the shares held under the Plan. In that case, the Transfer Agent will redeem the number of shares requested at the net asset value per share in effect in accordance with the Fund's usual redemption procedures and will mail a check for the proceeds to the Planholder.

The Plan may be terminated at any time by the Planholder by writing to the Transfer Agent. A Plan may also be terminated at any time by the Transfer Agent upon receiving directions to that effect from the Fund. The Transfer Agent will also terminate a Plan upon receipt of evidence satisfactory to it of the death or legal incapacity of the Planholder. Upon termination of a Plan by the Transfer Agent or the Fund, shares that have not been redeemed from the account will be held in uncertificated form in the name of the Planholder, and the account will continue as a dividend-reinvestment, uncertificated account unless and until proper instructions are received from the

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Planholder or his or her executor or guardian, or other authorized person.

To use shares held under the Plan as collateral for a debt, the Planholder may request issuance of a portion of the shares in certificated form. Upon written request from the Planholder, the Transfer Agent will determine the number of shares for which a certificate may be issued without causing the withdrawal checks to stop because of exhaustion of uncertificated shares needed to continue payments. However, should such uncertificated shares become exhausted, Plan withdrawals will terminate.

If the Transfer Agent ceases to act as transfer agent for the Fund, the Planholder will be deemed to have appointed any successor transfer agent to act as agent in administering the Plan.

HOW TO EXCHANGE SHARES

As stated in the Prospectus, shares of a particular class of Oppenheimer funds having more than one class of shares may be exchanged only for shares of the same class of other Oppenheimer funds. Shares of the Oppenheimer funds that have a single class without a class designation are deemed "Class A" shares for this purpose. All of the Oppenheimer funds offer Class A shares, but certain [other] Oppenheimer funds do not presently offer either or both of Class B or Class C shares. A list showing which funds offer which class can be obtained by calling the Distributor at 1-800-525-7048.

Class A shares of Oppenheimer funds may be exchanged at net asset value for shares of any Money Market Fund. Shares of any Money Market Fund purchased without a sales charge may be exchanged for shares of Oppenheimer funds offered with a sales charge upon payment of the sales charge (or, if applicable, may be used to purchase shares of Oppenheimer funds subject to a contingent deferred sales charge). However, shares of Oppenheimer Money Market Fund, Inc. purchased with the redemption proceeds of shares of other mutual funds (other than funds managed by the Manager or its subsidiaries) redeemed within the 12 months prior to that purchase may subsequently be exchanged for shares of other Oppenheimer funds without being subject to an initial or contingent deferred sales charge, whichever is applicable. To qualify for that privilege, the investor or the investor's dealer must notify the Distributor of eligibility for this privilege at the time the shares of Oppenheimer Money Market Fund, Inc. are purchased, and, if requested, must supply proof of entitlement to this privilege. No contingent deferred sales charge is imposed on exchanges of shares of either class purchased subject to a contingent deferred sales charge. However, when Class A shares acquired by exchange of Class A shares of other Oppenheimer funds purchased subject to a Class A contingent deferred sales charge are redeemed within 18 months of the end of the calendar month of the initial purchase of the exchanged Class A shares, the Class A contingent deferred sales charge is imposed on the redeemed shares (see "Class A Contingent Deferred Sales Charge" in the Prospectus). The Class B contingent deferred sales charge is imposed on Class B shares acquired by exchange if they are redeemed within 6 years of the initial purchase of the exchanged Class B shares. The Class C contingent deferred sales charge is imposed on Class C shares acquired by exchange if they are redeemed within 12 months of the initial purchase of the exchanged Class C shares.

The Fund reserves the right to reject telephone or written exchange

requests submitted in bulk by anyone on behalf of 10 or more accounts. The Fund may accept requests for exchanges of up to

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50 accounts per day from representatives of authorized dealers that qualify for this privilege. In connection with any exchange request, the number of shares exchanged may be less than the number requested if the exchange or the number requested would include shares subject to a restriction cited in the Prospectus or this Statement of Additional Information or would include shares covered by a share certificate that is not tendered with the request. In those cases, only the shares available for exchange without restriction will be exchanged.

When exchanging shares by telephone, a shareholder must either have an existing account in, or obtain and acknowledge receipt of a prospectus of, the fund to which the exchange is to be made. For full or partial exchanges of an account made by telephone, any special account features such as Asset Builder Plans, Automatic Withdrawal Plans, Checkwriting, if available, and retirement plan contributions will be switched to the new account unless the Transfer Agent is instructed otherwise. If all telephone lines are busy (which might occur, for example, during periods of substantial market fluctuations), shareholders might not be able to request exchanges by telephone and would have to submit written exchange requests.

Shares to be exchanged are redeemed on the regular business day the Transfer Agent receives an exchange request in proper form (the "Redemption Date"). Normally, shares of the fund to be acquired are purchased on the Redemption Date, but such purchases may be delayed by either fund up to five business days if it determines that it would be disadvantaged by an immediate transfer of the redemption proceeds. The Fund reserves the right, in its discretion, to refuse any exchange request that may disadvantage it (for example, if the receipt of multiple exchange requests from a dealer might require the disposition of portfolio securities at a time or at a price that might be disadvantageous to the Fund).

The different Oppenheimer funds available for exchange have different investment objectives, policies and risks, and a shareholder should assure that the Fund selected is appropriate for his or her investment and should be aware of the tax consequences of an exchange. For federal income tax purposes, an exchange transaction is treated as a redemption of shares of one fund and a purchase of shares of another. "Reinvestment Privilege," above, discusses some of the tax consequences of reinvestment of redemption proceeds in such cases. The Fund, the Distributor, and the Transfer Agent are unable to provide investment, tax or legal advice to a shareholder in connection with an exchange request or any other investment transaction.

DIVIDENDS, CAPITAL GAINS AND TAXES

DIVIDENDS AND DISTRIBUTIONS. Dividends will be payable on shares held of record at the time of the previous determination of net asset value. However, daily dividends on newly purchased shares will not be declared or paid until such time as Federal Funds (funds credited to a member bank's account at the Federal Reserve Bank) are available from the purchase payment for such shares. Normally, purchase checks received from investors are converted to Federal Funds on the next business day. If all shares in an account are redeemed, all dividends accrued on shares in the account will be paid together with the redemption proceeds. Dividends will be declared on shares repurchased by a dealer or broker for three business days following the trade date (i.e., to and including the day prior to settlement of the repurchase).

Dividends, distributions and the proceeds of the redemption of Fund shares represented by checks returned to the Transfer Agent by the Postal Service as undeliverable will be invested in

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shares of Oppenheimer Money Market Fund, Inc., as promptly as possible after the return of such checks to the Transfer Agent, in order to enable the investor to earn a return on otherwise idle funds.

TAX STATUS OF THE FUND'S DIVIDENDS AND DISTRIBUTIONS. The Federal tax treatment of the Fund's dividends and distributions is explained in the Prospectus under the caption Dividends, Distributions and Taxes. In order to continue to qualify for treatment as a regulated investment company ("RIC") under the Code, the Fund must distribute to its shareholders for each taxable year at least 90% of the sum of its investment company taxable income (consisting generally of taxable net investment income and net short-term capital gain) plus its interest income excludable from gross income under Section 103(a) of the Code ("tax-exempt income") and must meet several additional requirements. These requirements include the following: (1) the Fund must derive at least 90% of its gross income each taxable year from dividends, interest and payments with respect to

securities loans and gains from the sale or other disposition of securities, or other income (including gains from options) derived with respect to its business of investing in securities ("Income Requirement"); (2) the Fund must derive less than 30% of its gross income each taxable year from the sale or other disposition of securities or options that were held for less than three months ("Short-Short Limitation"); and (3) at the close of each quarter of the Fund's taxable year, (i) at least 50% of the value of its total assets must be represented by cash and cash items, U.S. Government securities, securities of other RICs and other securities that are limited, in respect of any one issuer, to an amount that does not exceed 5% of the value of the Fund's total assets and does not represent more than 10% of the issuer's outstanding voting securities, and (ii) not more than 25% of the value of its total assets may be invested in securities (other than U.S. Government securities or the securities of other RICs) of any one issuer.

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Dividends paid by the fund will qualify as exempt-interest dividends, and thus will be excludable from gross income by its shareholders, if the Fund satisfied the additional requirement that, at the close of each quarter of its taxable year, at least 50% of the value of its total assets consists of securities the interest on which is tax-exempt income; the Fund intends to continue to satisfy this requirement. The aggregate exempt-interest dividends may not be greater than the excess of the Fund's tax-exempt income over certain amounts disallowed as deductions. The shareholders' treatment of dividends from the Fund under local and state income tax laws may differ from the treatment thereof under the Code.

As noted in the Prospectus, the Fund annually reports to its shareholders regarding the amounts and status of distributions paid during the year. Such report allocates dividends among tax-exempt, taxable and alternative minimum taxable income in approximately the same proportions as they bear to the Fund's total income for the year. Accordingly, income derived from each of these sources by the Fund in any particular distribution period may vary substantially from the allocation reported to shareholders annually. The proportion of dividends that constitute taxable income will depend on the relative amounts of assets invested in taxable securities, the yield relationships between taxable and tax-exempt securities, and the period of time for which such securities are held.

Because the taxable portion of the Fund's investment income consists primarily of interest and income from options transactions, its dividends, whether or not treated as "exempt-interest dividends", generally will not qualify for the dividends-received deduction available to corporations.

Dividends and other distributions declared by the Fund, and payable to shareholders of record on a date, in the last quarter of any calendar year, are deemed to have been paid by the Fund and received by the shareholders on December 31 of that year if the distributions are paid by the Fund during the following January. Accordingly, those distributions will be taxed to shareholders for the year in which that December 31 falls.

Interest on indebtedness incurred or continued by shareholders to purchase or carry shares of the Fund is usually not deductible for federal income tax purposes. Under rules applied by the Internal Revenue Service to determine whether borrowed funds are used for the purpose of purchasing or carrying particular assets, the purchase of Fund shares may, depending upon the circumstances, be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of those shares.

If you redeem shares of the Fund held for six months or less at a loss, that loss will not be recognized for federal income tax purposes to the extent of exempt-interest dividends you have received with respect to those shares. If any such loss exceeds the amount of the exempt-interest dividends you received, that excess loss will be treated as a long-term capital loss to the extent you receive any capital gain distribution with respect to those shares.

Persons who are "substantial users" (or persons related thereto) of facilities financed by industrial development bonds should consult their own tax advisers before purchasing shares. Such persons may find investment in the Fund unsuitable for tax reasons. Generally, an individual will not be a "related person" under the Code unless he or his immediate family (spouse, brothers, sisters, ancestors, and lineal descendants) owns, directly or indirectly, in the aggregate more than 50% of the equity of a corporation or partnership that is a "substantial user" of a facility financed from the proceeds of industrial development

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bonds. "Substantial user" of such facilities is defined generally as a non-exempt person who regularly uses a part of such facility in his trade or business.

The Fund will be subject to a nondeductible 4% excise tax to the extent it fails to distribute by the end of any calendar year substantially all of its ordinary income for that year and capital gain net income for the one-year period ending on December 31 of that year, plus certain other amounts.

The use of hedging strategies, such as writing (selling) and purchasing options, involves complex rules that will determine for income tax purposes the character and timing of recognition of the gains and losses the Fund realizes in connection therewith. Income from transactions in options derived by the Fund with respect to its business of investing in securities will qualify as permissible income under the Income Requirement. However, income from the disposition of options will be subject to the Short-Short Limitation if they are held for less than three months.

If the Fund satisfies certain requirements, any increase in value of a position that is part of a "designated hedge" will be offset by any decrease in value (whether realized or not) of the offsetting hedging position during the period of the hedge for purposes of determining whether the Fund satisfies the Short-Short Limitation. Thus, only the net gain (if any) from the designated hedge will be included in gross income for purposes of that limitation. The Fund will consider whether it should seek to qualify for this treatment for its hedging transactions. To the extent the Fund does not so qualify, it may be forced to defer the closing out of certain options beyond the time when it otherwise would be advantageous to do so, in order for the Fund to continue to qualify as RIC.

Corporate investors may wish to consult their own tax advisers before purchasing Fund shares. Corporations may find investment in the Fund unsuitable for tax reasons, because the interest on all Municipal Obligations held by the Fund passed through to corporate shareholders will be includible in calculating adjusted current earnings for purposes of both the alternative minimum tax and the environmental tax. In addition, certain property and casualty insurance companies, financial institutions, and U.S. branches of foreign corporations may be adversely affected by the tax treatment of the interest on municipal securities.

ADDITIONAL INFORMATION ABOUT THE FUND

THE CUSTODIAN. Investors Bank & Trust Company ("Custodian"), whose principal business address is 89 South Street Boston, MA 02111 is the Custodian of the Fund's assets. The Custodian's responsibilities include safeguarding and controlling the Fund's portfolio securities and handling the delivery of such securities to and from the Fund. It will be the practice of the Fund to deal with the Custodian in a manner uninfluenced by any banking relationship the Custodian may have with the Manager and its affiliates.

INDEPENDENT AUDITORS. Price Waterhouse LLP, 1900 Chase Square, Rochester, NY 14604, serves as the Fund's independent accountants. The services provided by Price Waterhouse LLP include auditing services and review and consultations on various filings by the Fund with the Securities and Exchange Commission and tax authorities. They also act as auditors for certain other funds advised by the Adviser and its affiliates.

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INVESTMENT ADVISER

OppenheimerFunds, Inc.
Two World Trade Center
New York, New York 10048-0203

DISTRIBUTOR

OppenheimerFunds Distributor, Inc.
Two World Trade Center
New York, New York 10048-0203

TRANSFER AGENT

OppenheimerFunds Services
P.O. Box 5270
Denver, Colorado 80217
1-800-525-7048

CUSTODIAN OF PORTFOLIO SECURITIES

Investors Bank & Trust Company
89 South Street
Boston, MA 02111

INDEPENDENT AUDITORS

Price Waterhouse LLP
1900 Chase Square
Rochester, NY 14604

FINANCIAL STATEMENTS [TO BE PROVIDED]

ROCHESTER
[ARTWORK] FUND
MUNICIPALS

APPENDIX A

DESCRIPTION OF MUNICIPAL SECURITIES RATINGS

STANDARD & POOR'S RATING GROUP

A brief description of the applicable Standard & Poor's Corporation rating symbols and their meanings (as published by Standard & Poor's Corporation) follows:

A Standard & Poor's corporate or municipal debt rating is a current assessment of the creditworthiness of an obligator with respect to a specific debt obligation. This assessment may take into consideration obligors such as guarantors, insurers, or lessees.

The rating is not a recommendation to purchase, sell or hold a security, inasmuch as it does not comment as to market price or suitability for a particular investor.

The ratings are based on current information furnished by the issuer and obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any rating and may, on occasion rely on unaudited financial information. The ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or for other circumstances.

The ratings are based, in varying degrees, on the following considerations:

I. Likelihood of default--capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation;

II. Nature of and provisions of the obligation;

III. Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangements under the laws of bankruptcy and other laws affecting creditors' rights.

Long-Term Municipal Bonds

AAA Bonds rated AAA have the highest rating assigned by Standard & Poor's to a debt obligation. Capacity to pay interest and repay principal is extremely strong.

AA Bonds rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in small degree.

A Bonds rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than bonds in higher rated categories.

A-1

BBB Bonds rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than for bonds in higher rated categories.

BB-D Debt rated "BB", "B", "CCC" and "CC" is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. "BB" indicates the lowest degree of speculation and "CC" the highest degree

of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions. The "C" is reserved for income bonds on which no interest is being paid. Debt rated "D" is in default, and payment of interest and/or repayment of principal is in arrears.

Plus (+) or minus (-): The ratings from "AA" to "BBB" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Provisional Ratings: The letter "P" indicates that the rating is provisional. A provisional rating assumes the successful completion of the project being financed by the bonds being rated and indicates that payment of debt service requirements is largely or entirely dependent upon the successful and timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, makes no comment on the likelihood of, or the risk of default upon failure of, such completion. The investors should exercise his own judgement with respect to such likelihood and risk.

Short-Term Tax-Exempt Notes

Standard & Poor's tax exempt note ratings are generally given to such notes that mature in three years or less. The three rating categories are as follows:

- SP-1 Very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics will be given a plus (+) designation.
- SP-2 Satisfactory capacity to pay principal interest.
- SP-3 Speculative capacity to pay principal and interest.

Tax-Exempt Commercial Paper

A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 165 days. Ratings are graded into four categories, ranging from "A" for the highest quality obligations to "D" for the lowest. The four categories are as follows:

- A Issues assigned this highest rating are regarded as having the greatest capacity for timely payment. Issues in this category are further refined with the designation 1, 2, and 3 to indicate the relative degree of safety. These issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign designation.

A-2

- A-1 This designation indicates that the degree of safety regarding timely payment is very strong.
- A-2 Capacity for timely payment on issues with this designation is strong. However, the relative degree of safety is not as overwhelming as for issues designated "A-1".
- A-3 Issues carrying this designation have a satisfactory capacity for timely payment. They are, however, somewhat more vulnerable to the adverse effects of changes in circumstances than obligations carrying the higher designation.
- B Issues rated "B" are regarded as having only an adequate capacity for timely payment. However, such capacity may be damaged by changing conditions or short-term adversities.
- C & D These ratings indicate that the issue is either in default or expected to be in default upon maturity.

MOODY'S INVESTORS SERVICE, INC.

A brief description of the applicable Moody's Investors Service, Inc. rating symbols and their meanings follow:

Long-Term Municipal Bonds

- Aaa Bonds which are rated Aaa are judged to be the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge". Interest payments are protected by a large, or by an exceptionally stable, margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are more unlikely to impair the fundamentally strong position of such issues. With the occasional exception of oversupply in a few specific instances, the safety of obligations of this class is so absolute that their market value is affected solely by money market fluctuations.

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 fluctuations of protective elements may be of greater amplitude or there may be other elements present which make the one-term risks appear somewhat larger than the Aaa securities. These Aa bonds are high grade, their market value virtually immune to all but money market fluctuations.

A Bonds which are rated A possess many favorable investment attributes and are to be considered as higher medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to A-rated bonds may be influenced to some degree by credit circumstances during a sustained period of depressed business conditions. During periods of normalcy, bonds of this quality frequently move in parallel with Aaa and Aa obligations, with the occasional exception of oversupply in a few specific instances.

A-3

Baa Bonds which are rated Baa are considered as lower medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments but certain protective elements may be lacking or may be characteristically unreliable or over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well. The market value of Baa-rated bonds is more sensitive to change in economic circumstances, and aside from occasional speculative factors applying to some bonds of this class, Baa market valuations move in parallel with Aaa, Aa and A obligations during periods of economic normalcy, except in instances of oversupply.

Ba-C Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often, the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class. Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small. Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest. Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings. Bonds which are rated C are the lowest rated of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Moody's bond rating symbols may contain numerical modifiers of a generic rating classification. The modifier 1 indicates that the bond ranks at the high end of its category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

Con. Bonds for which the security depends upon the completion of some act or the fulfillment of some conditions are rated conditionally. These are bonds secured by (a) earnings of projects under construction, (b) earnings of projects unseasoned in operating experience, (c) rentals which begin when facilities are completed, or (d) payments to which some other limiting condition attaches. Parenthetical rating denotes probable credit status upon completion of construction or elimination of basis of condition.

Short-Term Tax-Exempt Notes

The four ratings of Moody's for short-term notes are MIG 1, MIG 2, MIG 3, and MIG 4; MIG 1 denotes "best quality, enjoying strong protection from established cash flows"; MIG 2 denotes "high quality" with "ample margins of protection"; MIG 3 notes are of "favorable quality... but lacking the undeniable strength of the preceding grades"; MIG 4 notes are of "adequate quality, carrying specific risk but having protection...and not distinctly or predominantly speculative".

Tax-Exempt Commercial Paper

Moody's commercial paper ratings are opinions of the ability of issuers to repay punctually promissory obligations not having an original maturity in excess of nine months. Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment capacity of rated issuers:

A-4

Issuers rated Prime 1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations.

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

Issuers rated Prime 3 (or related supporting institutions) have an acceptable capacity for repayment of short-term promissory obligations.

Issuers rated Not Prime do not fall within any of the Prime rating categories.

FITCH INVESTORS SERVICE, INC.

A brief description of the applicable Fitch Investors Service rating symbols and their meanings follow:

Long Term Municipal Bonds

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 quality. "The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bond rating "AAA".

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

BBB Bonds considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have an adverse impact on these bonds, and therefore impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for bonds with higher ratings.

BB-C BB bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes, however, business and financial alternatives can be identified which could assist the obligor in satisfying debt service requirements. B bonds are considered highly speculative. While debt service payments are currently being met, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety. CCC bonds have certain identifiable characteristics which, if not remedied, may lead to default; CC bonds are minimally protected and default in payment of interest and/or principal seems probable over time; C bonds are in imminent default in payment of interest or principal.

DDD Bonds rated DDD, DD, D are in default on interest and/or principal payments. Such bonds are extremely speculative. "DDD" represents the highest probability for recovery on these bonds, "D" represents the lowest probability for recovery.

A-5

Plus (+) Minus(-): Plus and minus signs are used with a rating symbol to indicate the relative position of a credit within the rating category. Plus and minus signs are not used in the "AAA", "DDD", "DD", or "D" categories.

Conditional: A conditional rating is premised on the successful completion of a project or the occurrence of a specific event.

ROCHESTER FUND MUNICIPALS

PART C. OTHER INFORMATION

ITEM 24. Financial Statements and Exhibits

(a) Financial Statements: None

(b) Exhibits:

(1) Amended and Restated Declaration of Trust as filed with the Commonwealth of Massachusetts on February 8, 1995, as amended on November 7, 1995 ("Amended and Restated Declaration of Trust"--filed herewith

(2) Bylaws--filed with Registrant's Post Effective Amendment No. 13 filed May 1, 1993--incorporated by reference

(3) Not Applicable

(4) Specimen Share Certificate--filed with Registrant's Post Effective Amendment No. 11 filed March 1, 1992--incorporated by reference

(5) Investment Advisory Agreement dated January 4, 1996 with Oppenheimer Management Corporation--filed herewith

(6) (a) General Distributor's Agreement dated January 4, 1996 with Oppenheimer Funds Distributor, Inc.--filed herewith

(b) Form of Oppenheimer Funds Distributor Inc. Dealer Agreement--Filed with Post-Effective Amendment No. 14 of Oppenheimer Main Street Funds, Inc. (Reg. No. 33-17850) filed September 30, 1994--incorporated by reference

(c) Form of Oppenheimer Funds Distributor Inc. Broker Agreement--Filed with Post-Effective Amendment No. 14 of Oppenheimer Main Street Funds, Inc. (Reg. No. 33-17850) filed September 30, 1994--incorporated by reference

(d) Form of Oppenheimer Funds Distributor Inc. Agency Agreement--Filed with Post-Effective Amendment No. 14 of Oppenheimer Main Street Funds, Inc. (Reg. No. 33-17850) filed September 30, 1994--incorporated by reference

(7) Amended and Restated Retirement Plan for Independent Trustees of Registrant adopted on January 26, 1995, as amended and restated October 16, 1995 --filed herewith

(8) Acknowledgement of Assignment of Custodian Agreement between Registrant and Investors Bank & Trust Company--filed with Registrant's Post Effective Amendment No. 9 filed March 11, 1991--incorporated by reference

(9) (a) Accounting, Administration and Recordkeeping Agreement with Rochester Fund Services Inc. dated April 15, 1994 as assigned to Oppenheimer Management Corporation--filed herewith

(b) Form of Service Contract with Oppenheimer Shareholder Services--filed herewith

(10) Consent of Counsel--incorporated by reference to the Registrant's Rule 24f-2 Notice filed on February 17, 1995

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(11) Independent Auditor's Consent--filed herewith

(12) Not Applicable

(13) Not Applicable

(14) Not Applicable

(15) Amended and Restated Service Plan and Agreement with Oppenheimer Funds Distributor, Inc. dated January 4, 1996 for Class A Shares--filed herewith

(16) Performance Computation Schedule--to be filed

(17) Financial Data Schedule--to be filed

(18) Oppenheimer Fund Multiple Class Plan under Rule 18f-3 dated January 5, 1996--filed herewith

-- Powers of Attorney

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

The Board of Trustees of the Registrant is identical to the Boards of Trustees of The Bond Fund For Growth ("RCVGX"), and Limited Term New York Municipal Fund ("LTNYX"), both business trusts organized under the laws of the Commonwealth of Massachusetts (collectively, "The Rochester Funds").

ITEM 26. NUMBER OF HOLDERS OF SECURITIES.

TITLE OF CLASS	NUMBER OF RECORD HOLDERS AS OF JANUARY 3, 1996
Shares of Beneficial Interest	
\$.01 par value	117,936,363.1510

ITEM 27. INDEMNIFICATION.

Registrant's Amended and Restated Agreement and Declaration of Trust, which is incorporated herein, as Exhibit 1 contains certain provisions relating to the indemnification of Registrant's officers and trustees. Section 6.4 of Registrant's Agreement and Declaration of Trust provides that Registrant shall indemnify (from the assets of the Series or Class in question) each of its trustees and officers (including persons who served at Registrant's request as directors, officers or trustees of another organization in which Registrant has any interest as a shareholder, creditor or otherwise hereinafter referred to as a "Covered Person") against all liabilities, including but not limited to, amounts paid for satisfaction of judgments, in compromise or as fines and penalties, and expenses, including reasonable accountants' and counsel fees, incurred by any Covered Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil criminal, before any court or administrative or legislative body, in which such Covered Person may be or may have been involved as a party or otherwise or with which such person may be or may have been threatened, while in office or thereafter, by reason of being or having been such a trustee or officer, director or trustee, except with respect to any matter as to which it has been determined in one of the manners described below, that such Covered Person (i) did not act in good faith in the reasonable belief that such Covered Person's action was in or not opposed to the best interest of Registrant or (ii) had acted with willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct described in (i) and (ii) being referred to hereafter as "Disabling Conduct".

Section 6.4 provides that a determination that the covered conduct may be made by (i) a final

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decision on the merits by a court or other body before whom the proceeding was brought that the person to be indemnified was not liable by reason of Disabling Conduct, (ii) dismissal of a court action or an administrative proceeding against a Covered Person for insufficiency of evidence of Disabling Conduct, or (iii) a reasonable determination, based upon a review of the facts, that the indemnitee was not liable by reason of Disabling Conduct by (a) a vote of a majority of a quorum of trustees who are neither "interested persons" of Registrant as defined in Section 2(a)(19) of the 1940 Act nor parties to the proceeding, or (b) an independent legal counsel in a written opinion.

In addition, Section 6.4 provides that expenses, including accountants' and counsel fees so incurred by any such Covered Person (but excluding amounts paid in satisfaction of judgments, in compromise or as fines or penalties), may be

paid from time to time in advance of the final disposition of any such action, suit or proceeding, providing that the Covered Person shall have undertaken to repay the amounts so paid to the Fund in question if it is ultimately determined that indemnification of such expenses is not authorized under Article 6 and (i) the Covered Person shall have provided security for such undertaking, (ii) Registrant shall be insured against losses arising by reason of any lawful advances, or (iii) a majority of a quorum of disinterested trustees who are not a party to the proceeding, by an independent legal counsel in a written opinion, based upon a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the Covered Person ultimately will be found entitled to indemnification.

Section 6.1 of Registrant's Agreement and Declaration of Trust provides, among other things, that nothing in the Agreement and Declaration of Trust shall protect any trustee or officer against any liability to Registrant or the shareholders to which such trustee or officer would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of trustee or such officer.

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to trustees, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

ITEM 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER.

During the last two fiscal years, all other business, profession, vocation or employment of a

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substantial nature in which the investment adviser of Registrant and each director, officer or partner of that investment adviser have been engaged for their own account or in the capacity of director, officer, employee, partner or trustee is as follows:

(a) OppenheimerFunds, Inc. is the investment adviser of the Registrant; it and certain subsidiaries and affiliates act in the same capacity to other registered investment companies as described in Parts A and B hereof and listed in Item 28(b) below.

(b) There is set forth below information as to any other business, profession, vocation or employment of a substantial nature in which each officer and director of OppenheimerFunds, Inc. is, or at any time during the past two fiscal years has been, engaged for his/her own account or in the capacity of director, officer, employee, partner or trustee.

Name & Current Position with OppenheimerFunds, Inc. -----	Other Business and Connections During the Past Two Years -----
Lawrence Apolito, Vice President	None.
James C. Ayer, Jr., Assistant Vice President	Vice President and Portfolio Manager of Oppenheimer Gold & Special Minerals Fund and Oppenheimer Global Emerging Growth Fund.
Victor Babin, Senior Vice President	None.
Robert J. Bishop Assistant Vice President	Assistant Treasurer of the Oppenheimer Funds listed below); previously a Fund Controller for Oppenheimer Management Corporation (the "Manager").
Bruce Bartlett	Vice President and Portfolio Manager of

Vice President

Oppenheimer Total Return Fund, Inc.,
Oppenheimer Main Street Funds, Inc. and
Oppenheimer Variable Account Funds; formerly a
Vice President and Senior Portfolio Manager at
First of America Investment Corp.

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Name & Current Position
with OppenheimerFunds, Inc.

Other Business and Connections
During the Past Two Years

George Bowen
Senior Vice President
and Treasurer

Treasurer of the New York-based
Oppenheimer Funds; Vice President, Secretary
and Treasurer of the Denver-based Oppenheimer
Funds. Vice President and Treasurer of
Oppenheimer Funds Distributor, Inc. (the
"Distributor") and HarbourView Asset Management
Corporation ("HarbourView"), an investment
adviser subsidiary of OMC; Senior Vice
President, Treasurer, Assistant Secretary and a
director of Centennial Asset Management
Corporation ("Centennial"), an investment
adviser subsidiary of the Manager; Vice
President, Treasurer and Secretary of
Shareholder Services, Inc. ("SSI") and
Shareholder Financial Services, Inc. ("SFSI"),
transfer agent subsidiaries of OMC; President,
Treasurer and Director of Centennial Capital
Corporation; Vice President and Treasurer of
Main StreetAdvisers.

Michael A. Carbuto,
Vice President

Vice President and Portfolio Manager of
Oppenheimer Tax-Exempt Cash Reserves,
Centennial California Tax Exempt Trust,
Centennial New York Tax Exempt Trust and
Centennial Tax Exempt Trust; Vice President
of Centennial.

William Colbourne,
Assistant Vice President

Formerly, Director of Alternative Staffing
Resources, and Vice President of Human
Resources, American Cancer Society.

Lynn Coluccy, Vice President

Formerly Vice President\Director of Internal
Audit of the Manager.

O. Leonard Darling,
Executive Vice President

Formerly Co-Director of Fixed Income for State
Street Research & Management Co.

Robert A. Densen,
Senior Vice President

None.

Robert Doll, Jr.,
Executive Vice President

Vice President and Portfolio Manager of
Oppenheimer Growth Fund, Oppenheimer Variable
Account Funds, Oppenheimer Main Street Funds,
Inc. and Oppenheimer Target Fund; Senior Vice
President and Portfolio Manager of Oppenheimer
Strategic Income & Growth Fund.

John Doney, Vice President

Vice President and Portfolio Manager of
Oppenheimer Equity Income Fund.

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Name & Current Position
with OppenheimerFunds, Inc.

Other Business and Connections
During the Past Two Years

Andrew J. Donohue,
Executive Vice President
& General Counsel

Secretary of the New York-based Oppenheimer
Funds; Vice President of the Denver-based
Oppenheimer Funds; Executive Vice President,
Director and General Counsel of the
Distributor; formerly Senior Vice President and
Associate General Counsel of the Manager and
the Distributor.

Kenneth C. Eich,

Treasurer of Oppenheimer Acquisition

Executive Vice President/ Chief Financial Officer	Corporation
George Evans, Vice President	Vice President and Portfolio Manager of Oppenheimer Variable Account Funds and Oppenheimer Global Securities Fund.
Scott Farrar, Assistant Vice President	Assistant Treasurer of the Oppenheimer Funds; previously a Fund Controller for the Manager.
Ronald H. Fielding Senior Vice President	Vice President and Portfolio Manager of Rochester Fund Municipals and Limited Term New York Municipal Fund
Katherine P. Feld Vice President and Secretary	Vice President and Secretary of Oppenheimer Funds Distributor, Inc.; Secretary of HarbourView, Main Street Advisers, Inc. and Centennial; Secretary, Vice President and Director of Centennial Capital Corp.
Jon S. Fossel, Chairman of the Board and Director	President and director of Oppenheimer Acquisition Corp. ("OAC"), the Manager's parent holding company; President, CEO and a director of HarbourView; a director of SSI and SFSI; President, Director, Trustee, and Managing General Partner of the Denver-based Oppenheimer Funds; President and Chairman of the Board of Main Street Advisers, Inc.; formerly Chief Executive Officer of the Manager.

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Name & Current Position with OppenheimerFunds, Inc. -----	Other Business and Connections During the Past Two Years -----
Robert G. Galli, Vice Chairman	Trustee of the New York-based Oppenheimer Funds; Vice President and Counsel of OAC; formerly he held the following positions: a director of the Distributor, Vice President and a director of HarbourView and Centennial, a director of SFSI and SSI, an officer of other Oppenheimer Funds and Executive Vice President & General Counsel of the Manager and the Distributor.
Linda Gardner, Assistant Vice President	None.
Ginger Gonzalez, Vice President	Formerly 1st Vice President/Director of Creative Services for Shearson Lehman Brothers.
Mildred Gottlieb Assistant Vice President	Formerly served as a Strategy Consultant for the Private Client Division of Merrill Lynch.
Dorothy Grunwager, Assistant Vice President	None.
Caryn Halbrecht, Vice President	Vice President and Portfolio Manager of Oppenheimer Insured Tax-Exempt Fund and Oppenheimer Intermediate Tax Exempt Fund; an officer of other Oppenheimer Funds; formerly Vice President of Fixed Income Portfolio Management at Bankers Trust.
Barbara Hennigar, President and Chief Executive Officer of Oppenheimer Shareholder Services, a division of OMC.	President and Director of Shareholder Financial Service, Inc.
Alan Hoden, Vice President	None.
Merryl Hoffman, Vice President	None.
Scott T. Huebl, Assistant Vice President	None.
Jane Ingalls,	Formerly a Senior Associate with Robinson,

Name & Current Position
with OppenheimerFunds, Inc.
-----Other Business and Connections
During the Past Two Years
-----Bennett Inkeles,
Assistant Vice PresidentFormerly employed by Doremus & Company, an
advertising agency.Frank Jennings
Vice PresidentPortfolio Manager of Oppenheimer Global
Growth & Income Fund. Formerly a Managing
Director of Global Equities at Paine Webber's
Mitchell Hutchins division.Stephen Jobe,
Vice President

None.

Heidi Kagan,
Assistant Vice President

None.

Avram Kornberg,
Vice President

Formerly a Vice President with Bankers Trust.

Paul LaRocco,
Assistant Vice PresidentPortfolio Manager of Oppenheimer Capital
Appreciation Fund and Oppenheimer Variable
Account Funds; Associate Portfolio Manager of
Oppenheimer Discovery Fund. Formerly a
Securities Analyst for Columbus Circle
Investors.Mitchell J. Lindauer,
Vice President

None.

Loretta McCarthy,
Senior Vice President

None.

Bridget Macaskill,
President, Chief Executive
Officer and DirectorDirector and Trustee of the New York based
Oppenheimer funds; Vice President and a
Director of OAC; Director of HarbourView;
Director of Main Street Advisers, Inc.; and
Chairman of Shareholder Services, Inc.Sally Marzouk,
Vice President

None.

Marilyn Miller,
Vice PresidentFormerly a Director of marketing for
TransAmerica Fund Management Company.Denis R. Molleur,
Vice President

None.

Name & Current Position
with OppenheimerFunds, Inc.
-----Other Business and Connections
During the Past Two Years
-----Kenneth Nadler,
Vice President

None.

David Negri,
Vice PresidentVice President and Portfolio Manager of
Oppenheimer Strategic Bond Fund, Oppenheimer
Multiple Strategies Fund, Oppenheimer Asset
Allocation Fund, Oppenheimer Strategic Income
Fund, Oppenheimer Strategic Income & Growth
Fund, Oppenheimer High Income Fund, Oppenheimer
Variable Account Funds and Oppenheimer Bond
Fund; an officer of other Oppenheimer Funds.Barbara Niederbrach,
Assistant Vice President

None.

Stuart Novek,
Vice PresidentFormerly a Director Account Supervisor for
J. Walter Thompson.

Robert A. Nowaczyk, Vice President	None.
Robert E. Patterson, Senior Vice President	Vice President and Portfolio Manager of Oppenheimer Main Street California Tax-Exempt Fund, Oppenheimer Insured Tax-Exempt Fund, Oppenheimer Intermediate Tax-Exempt Fund, Oppenheimer Florida Tax-Exempt Fund, Oppenheimer New Jersey Tax-Exempt Fund, Oppenheimer Pennsylvania Tax-Exempt Fund, Oppenheimer California Tax-Exempt Fund, Oppenheimer New York Tax-Exempt Fund and Oppenheimer Tax-Free Bond Fund; Vice President of the New York Tax-Exempt Income Fund, Inc.; Vice President of Oppenheimer Multi-Sector Income Trust.
Tilghman G. Pitts III, Executive Vice President and Director	Chairman and Director of the Distributor.
Jane Putnam, Assistant Vice President	Associate Portfolio Manager of Oppenheimer Growth Fund and Oppenheimer Target Fund. Vice President and Portfolio Manager for Oppenheimer Variable Account Funds. Formerly Fund; Senior Investment Officer and Portfolio Manager with Chemical Bank.

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Name & Current Position with OppenheimerFunds, Inc. -----	Other Business and Connections During the Past Two Years -----
Russell Read, Vice President	Formerly an International Finance Consultant for Dow Chemical.
Thomas Reedy, Vice President	Vice President of Oppenheimer Multi-Sector Income Trust and Oppenheimer Multi-Government Trust; an officer of other Oppenheimer Funds; formerly a Securities Analyst for the Manager.
David Robertson, Vice President	None.
Adam Rochlin, Assistant Vice President	Formerly a Product Manager for Metropolitan Life Insurance Company.
Michael S. Rosen Vice President	Vice President and Portfolio Manager of the Rochester Fund Series--The Bond Fund For Growth
David Rosenberg, Vice President	Vice President and Portfolio Manager of Oppenheimer Limited-Term Government Fund and Oppenheimer U.S. Government Trust. Formerly Vice President and Senior Portfolio Manager for Delaware Investment Advisors.
Richard H. Rubinstein, Vice President	Vice President and Portfolio Manager of Oppenheimer Asset Allocation Fund, Oppenheimer Fund and Oppenheimer Multiple Strategies Fund; an officer of other Oppenheimer Funds; formerly Vice President and Portfolio Manager/Security Analyst for Oppenheimer Capital Corp., an investment adviser.
Lawrence Rudnick, Assistant Vice President	Formerly Vice President of Dollar Dry Dock Bank.
James Ruff, Executive Vice President	None.
Ellen Schoenfeld, Assistant Vice President	None.

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Name & Current Position	Other Business and Connections
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with OppenheimerFunds, Inc.

During the Past Two Years

Diane Sobin,
Vice President

Vice President and Portfolio Manager of Oppenheimer Total Return Fund, Inc., Oppenheimer Main Street Funds, Inc. and Oppenheimer Variable Account Funds; formerly a Vice President and Senior Portfolio Manager for Dean Witter InterCapital, Inc.

Nancy Sperte,
Senior Vice President

None.

Donald W. Spiro,
Chairman Emeritus
and Director

President and Trustee of the New York-based Oppenheimer Funds; formerly Chairman of the Manager and the Distributor.

Arthur Steinmetz,
Senior Vice President

Vice President and Portfolio Manager of Oppenheimer Strategic Income Fund, Oppenheimer Strategic Income & Growth Fund; an officer of other Oppenheimer Funds.

Ralph Stellmacher,
Senior Vice President

Vice President and Portfolio Manager of Oppenheimer Champion Income Fund and Oppenheimer High Yield Fund; an officer of other Oppenheimer Funds.

John Stoma, Vice President

Formerly Vice President of Pension Marketing with Manulife Financial.

James C. Swain,
Vice Chairman of the
Board of Directors
and Director

Chairman, CEO and Trustee, Director or Managing Partner of the Denver-based Oppenheimer Funds; President and a Director of Centennial; formerly President and Director of OAMC, and Chairman of the Board of SSI.

James Tobin, Vice President

None.

Jay Tracey, Vice President

Vice President of the Manager; Vice President and Portfolio Manager of Oppenheimer Discovery Fund. Formerly Managing Director of Buckingham Capital Management.

Gary Tyc, Vice President,
Assistant Secretary
and Assistant Treasurer

Assistant Treasurer of the Distributor and SFSI.

Jeffrey Van Giesen
Vice President

Formerly employed by Kidder Peabody Asset Management.

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Name & Current Position
with OppenheimerFunds, Inc.

Other Business and Connections
During the Past Two Years

Ashwin Vasani,
Vice President

Vice President and Portfolio Manager of Oppenheimer Multi-Sector Income Trust, Oppenheimer Multi-Government Trust and Oppenheimer International Bond Fund; an officer of other Oppenheimer Funds.

Valerie Victorson,
Vice President

None.

Dorothy Warmack,
Vice President

Vice President and Portfolio Manager of Daily Cash Accumulation Fund, Inc., Oppenheimer Cash Reserves, Centennial America Fund, L.P., Centennial Government Trust and Centennial Money Market Trust; Vice President of Centennial.

Christine Wells,
Vice President

None.

William L. Wilby,
Senior Vice President

Vice President and Portfolio Manager of Oppenheimer Global Fund and Oppenheimer Global Growth & Income Fund; Vice President of HarbourView; an officer of other Oppenheimer Funds.

Susan Wilson-Perez, None.
Vice President

Carol Wolf, Vice President and Portfolio Manager of
Vice President Oppenheimer Money Market Fund, Inc., Centennial
America Fund, L.P., Centennial Government
Trust, Centennial Money Market Trust and Daily
Cash Accumulation Fund, Inc.; Vice President of
Oppenheimer Multi-Sector Income Trust; Vice
President of Centennial.

Robert G. Zack, Associate General Counsel of the Manager;
Senior Vice President Assistant Secretary of the Oppenheimer
and Assistant Secretary Funds; Assistant Secretary of SSI, SFSI; an
officer of other Oppenheimer Funds.

Eva A. Zeff, An officer of certain Oppenheimer Funds;
Assistant Vice President Assistant Vice President formerly a Securities
Analyst for the Manager.

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Name & Current Position with OppenheimerFunds, Inc.	Other Business and Connections During the Past Two Years
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Arthur J. Zimmer, Vice President	Vice President and Portfolio Manager of Centennial America Fund, L.P., Oppenheimer Money Fund, Centennial Government Trust, Centennial Money Market Trust and Daily Cash Accumulation Fund, Inc.; Vice President of Oppenheimer Multi-Sector Income Trust; Vice President of Centennial; an officer of other Oppenheimer Funds.
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The Oppenheimer Funds include the New York-based Oppenheimer Funds, the Denver-based Oppenheimer Funds and the Rochester based OppenheimerFunds set forth below:

New York-based Oppenheimer Funds

Oppenheimer Asset Allocation Fund
Oppenheimer Bond Fund For Growth
Oppenheimer California Tax-Exempt Fund
Oppenheimer Discovery Fund
Oppenheimer Global Emerging Growth Fund
Oppenheimer Global Fund
Oppenheimer Global Growth & Income Fund
Oppenheimer Gold & Special Minerals Fund
Oppenheimer Growth Fund
Oppenheimer Money Market Fund, Inc.
Oppenheimer Multi-Government Trust
Oppenheimer Multi-Sector Income Trust
Oppenheimer Multi-State Tax-Exempt Trust
Oppenheimer New York Tax-Exempt Fund
Oppenheimer Fund
Oppenheimer Target Fund
Oppenheimer Tax-Free Bond Fund
Oppenheimer U.S. Government Trust

Denver-based Oppenheimer Funds

Oppenheimer Cash Reserves
Centennial America Fund, L.P.
Centennial California Tax Exempt Trust
Centennial Government Trust
Centennial Money Market Trust
Centennial New York Tax Exempt Trust
Centennial Tax Exempt Trust
Daily Cash Accumulation Fund, Inc.

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The New York Tax-Exempt Income Fund, Inc.
Oppenheimer Champion Income Fund
Oppenheimer Equity Income Fund

Oppenheimer High Yield Fund
 Oppenheimer Integrity Funds
 Oppenheimer International Bond Fund
 Oppenheimer Limited-Term Government Fund
 Oppenheimer Main Street Funds, Inc.
 Oppenheimer Strategic Funds Trust
 Oppenheimer Strategic Income & Growth Fund
 Oppenheimer Tax-Exempt Fund
 Oppenheimer Total Return Fund, Inc.
 Oppenheimer Variable Account Funds

Rochester-based OppenheimerFunds

 Rochester Fund Series--The Bond Fund For Growth
 Rochester Fund Municipals
 Rochester Portfolio Series--Limited Term New York Municipal Fund

(b) The address of OppenheimerFunds, Inc. the New York-based Oppenheimer Funds, Oppenheimer Funds Distributor, Inc., Harbourview Asset Management Corp., Oppenheimer Partnership Holdings, Inc., and Oppenheimer Acquisition Corp. is Two World Trade Center, New York, New York 10048-0203.

The address of the Denver-based Oppenheimer Funds, Shareholder Financial Services, Inc., Shareholder Services, Inc., Oppenheimer Shareholder Services, Centennial Asset Management Corporation, Centennial Capital Corp., and Main Street Advisers, Inc. is 3410 South Galena Street, Denver, Colorado 80231.

The address of the Rochester OppenheimerFunds is 350 Linden Oaks, Rochester, New York 14625.

Item 29. PRINCIPAL UNDERWRITERS

(a) OppenheimerFunds Distributor, Inc. is the Distributor of Registrant's shares. It is also the Distributor of each of the other registered open-end investment companies for which OppenheimerFunds, Inc. is the investment adviser, as described in Part A and B of this Registration Statement and listed in Item 28 (b) above.

(b) The directors and officers of the Registrant's principal underwriter are:

Name & Principal Business Address	Positions & Offices with Underwriter	Positions and Offices with Registrant
George Clarence Bowen+	Vice President & Treasurer	Treasurer

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Name & Principal Business Address	Positions & Offices with Underwriter	Positions and Offices with Registrant
Christopher Blunt 6 Baker Avenue Westport, CT 06880	Vice President	None
Julie Bowers 21 Dreamwold Road Scituate, MA 02066	Vice President	None
Peter W. Brennan 1940 Cotswold Drive Orlando, FL 32825	Vice President	None
Mary Ann Bruce*	Senior Vice President - Financial Institution Div.	None
Robert Coli 12 Whitetail Lane Bedminster, NJ 07921	Vice President	None
Ronald T. Collins 710-3 E. Ponce DeLeon Ave. Decatur, GA 30030	Vice President	None
Mary Crooks+	Vice President	None
Paul Delli Bovi	Vice President	None

750 West Broadway
Apt. 5M
Long Beach, NY 11561

Andrew John Donohue*	Executive Vice President & Director	Secretary
Wendy H. Ehrlich 4 Craig Street Jericho, NY 11753	Vice President	None
Kent Elwell 41 Craig Place Cranford, NJ 07016	Vice President	None
John Ewalt 2301 Overview Dr. NE Tacoma, WA 98422	Vice President	None

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Name & Principal Business Address -----	Positions & Offices with Underwriter -----	Positions and Offices with Registrant -----
Katherine P. Feld*	Vice President & Secretary	None
Mark Ferro 43 Market Street Breezy Point, NY 11697	Vice President	None
Wendy Fishler*	Vice President - Financial Institution Div.	None
Wayne Flanagan 36 West Hill Road Brookline, NH 03033	Vice President - Financial Institution Div.	None
Ronald R. Foster 11339 Avant Lane Cincinnati, OH 45249	Senior Vice President - Eastern Division Manager	None
Patricia Gadecki 6026 First Ave. South, Apt. 10 St. Petersburg, FL 33707	Vice President	None
Luigigino Galleto 10239 Rougemont Lane Charlotte, NC 28277	Vice President	None
Mark Giles 5506 Bryn Mawr Dallas, TX 75209	Vice President - Financial Institution Div.	None
Ralph Grant*	Vice President/National Sales Manager - Financial Institution Div.	None
Sharon Hamilton 720 N. Juanita Ave. - #1 Redondo Beach, CA 90277	Vice President	None
Carla Jiminez 609 Chimney Bluff Drive Mt. Pleasant, SC 29464	Vice President	None
Michael Keogh*	Vice President	None

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Name & Principal Business Address -----	Positions & Offices with Underwriter -----	Positions and Offices with Registrant -----
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Richard Klein 4011 Queen Avenue South Minneapolis, MN 55410	Vice President	None
Hans Klehmet II 26542 Love Lane Ramona, CA 92065	Vice President	None
Ilene Kutno*	Assistant Vice President	None
Wayne A. LeBlang 23 Fox Trail Lincolnshire, IL 60069	Senior Vice President - Director Eastern Div.	None
Dawn Lind 7 Maize Court Melville, NY 11747	Vice President - Financial Institution Div.	None
James Loehle 30 John Street Cranford, NJ 07016	Vice President	None
Laura Mulhall*	Senior Vice President - Director of Key Accounts	None
Charles Murray 50 Deerwood Drive Littleton, CO 80127	Vice President	None
Joseph Norton 1550 Bryant Street San Francisco, CA 94103	Vice President	None
Patrick Palmer 958 Blue Mountain Cr. West Lake Village, CA 91362	Vice President	None
Randall Payne 1307 Wandering Way Dr. Charlotte, NC 28226	Vice President - Financial Institution Div.	None
Gayle Pereira 2707 Via Arboleda San Clemente, CA 92672	Vice President	None

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Name & Principal Business Address -----	Positions & Offices with Underwriter -----	Positions and Offices with Registrant -----
Charles K. Pettit 22 Fall Meadow Dr. Pittsford, NY 14534	Vice President	None
Bill Presutti 664 Circuit Road Portsmouth, NH 03801	Vice President	None
Tilghman G. Pitts, III*	Chairman & Director	None
Elaine Puleo*	Vice President - Financial Institution Div.	None
Minnie Ra 109 Peach Street Avenel, NJ 07001	Vice President - Financial Institution Div.	None
Ian Robertson 4204 Summit Wa Marietta, GA 30066	Vice President	None
Robert Romano 1512 Fallingbrook Drive Fishers, IN 46038	Vice President	None
James Ruff*	President	None
Timothy Schoeffler 3118 N. Military Road	Vice President	None

Arlington, VA 22207

Mark Schon 10483 E. Corrine Dr. Scottsdale, AZ 85259	Vice President	None
Michael Sciortino 785 Beau Chene Dr. Mandeville, LA 70448	Vice President	None
James A. Shaw 5155 West Fair Place Littleton, CO 80123	Vice President - Financial Institution Div.	None

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Name & Principal Business Address -----	Positions & Offices with Underwriter -----	Positions and Offices with Registrant -----
Robert Shore 26 Baroness Lane Laguna Niguel, CA 92677	Vice President - Financial Institution Div.	None
Peggy Spilker 2017 N. Cleveland, #2 Chicago, IL 60614	Vice President - Financial Institution Div.	None
Michael Stenger C/O America Building 30 East Central Pkwy Suite 1008 Cincinnati, OH 45202	Vice President	None
George Sweeney 1855 O'Hara Lane Middletown, PA 17057	Vice President	None
Scott McGregor Tatum 7123 Cornelia Lane Dallas, TX 75214	Vice President	None
Dave Thomas 111 South Joliet Circle #304 Aurora, CO 80112	Vice President - Financial Institution Div.	None
Philip St. John Trimble 2213 West Homer Chicago, IL 60647	Vice President	None
Gary Paul Tyc+	Assistant Treasurer	None
Mark Stephen Vandehey+	Vice President	None
Gregory K. Wilson 2 Side Hill Road Westport, CT 06880	Vice President	None
Bernard J. Wolocko 33915 Grand River Farmington, MI 48335	Vice President	None
William Harvey Young+	Vice President	None

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* Two World Trade Center, New York, NY 10048-0203
+ 3410 South Galena St., Denver, CO 80231

(c) Not applicable.

ITEM 30. LOCATION OF ACCOUNTS AND BOOKS.

All accounts, books or other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940 and the General Rules and Regulation

as promulgated thereunder, are maintained in possession of OppenheimerFunds, Inc. at its offices at 3410 South Galena Street, Denver, Colorado 80231, except that records with regard to items covered by Registrant's Custodian Agreement, are maintained by, or under agreement with, its Custodian, Investors Bank & Trust Company, 89 South Street, Boston, MA 02111.

ITEM 31. MANAGEMENT SERVICES.

Not applicable.

ITEM 32. UNDERTAKINGS.

(a) Not applicable.

(b) Not applicable.

(c) The Registrant hereby undertakes to furnish each person to whom a Prospectus is delivered with a copy of the Registrant's latest annual report to shareholders, upon request and without charge.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and/or the Investment Company Act of 1940, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York on the 10th day of January, 1996

ROCHESTER FUND MUNICIPALS

By: /s/ Bridget A. Macaskill

Bridget A. Macaskill,
Chairman of the Board and President

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

Signatures -----	Title -----	Date ----
/s/ Bridget A. Macaskill ----- Bridget A. Macaskill	Chairman of the Board, President (Principal Executive Officer) and Trustee	January 10, 1996
/s/ George C. Bowen ----- George C. Bowen	Treasurer (Principal Financial and Accounting Officer)	January 10, 1996
/s/ John Cannon ----- John Cannon	Trustee	January 10, 1996
/s/ Paul Y. Clinton ----- Paul Y. Clinton	Trustee	January 10, 1996
/s/ Thomas W. Courtney ----- Thomas W. Courtney	Trustee	January 10, 1996
/s/ Lacy B. Herrmann ----- Lacy B. Herrmann	Trustee	January 10, 1996
/s/ George Loft ----- George Loft	Trustee	January 10, 1996

EXHIBIT 1

ROCHESTER FUND MUNICIPALS

AMENDED AND RESTATED AGREEMENT AND DECLARATION OF TRUST

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AMENDED AND RESTATED AGREEMENT AND DECLARATION OF TRUST
OF
ROCHESTER FUND MUNICIPALS

This AMENDED AND RESTATED AGREEMENT AND DECLARATION OF TRUST made this 26th day of January, 1995, by and among the individuals executing this Amended and Restated Declaration of Trust as the Trustees.

WHEREAS, the Trustees established Rochester Fund Municipals (the "Trust"), a business trust under the laws of the Commonwealth of Massachusetts, for the investment and reinvestment of funds contributed thereto, under an Agreement and Declaration of Trust (the "Declaration of Trust") dated February 15, 1991 and filed with the Commonwealth of Massachusetts on May 21, 1991:

WHEREAS, The Trustees desire to make permitted changes to said Declaration of Trust; and

WHEREAS, such changes have been approved by the Trustees by a unanimous consent;

NOW, THEREFORE, the Trustees declare that all money and property contributed to the Trust hereunder shall henceforth be held and managed under this Amended and Restated Declaration of Trust IN TRUST as herein set forth below.

ARTICLE 1

NAME AND DEFINITIONS

Section 1.1 Name. This Trust shall be known as Rochester Fund Municipals and the Trustees shall conduct the business of the Trust under that name or any other name or names as they may from time to time determine.

Section 1.2 Definitions. Whenever used herein, unless otherwise required by the context or specifically provided:

(a) The "Trust" refers to the Massachusetts business trust established by this Amended and Restated Agreement and Declaration of Trust, as amended from time to time, inclusive of each and every Series and Class established hereunder;

(b) "Trustees" refers to the Trustees of the Trust and of each Series hereunder named herein or elected in accordance with Article 3;

(c) "Shares" refers to the equal, proportionate, transferable units of interest into which the beneficial interest of the Trust and each Series or Class of the Trust (as the context may require) shall be divided from time to time and includes fractions of Shares as well as whole Shares consistent with the requirements of federal and/or state securities laws;

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(d) "Series" refers to Series of Shares established and designated under or in accordance with the provisions of Article 4;

(e) "Class" means a class of a series of shares established and designated under or in accordance with the provisions of Article 4;

(f) "Shareholder" means a record owner of Shares;

(g) The "1940 Act" refers to the Investment Company Act of 1940 and the Rules and Regulations thereunder, all as amended from time to time;

(h) The term "Commission" shall have the meaning given it in the 1940 Act;

(i) "Declaration of Trust" shall mean this Amended and Restated Agreement and Declaration of Trust as amended or restated from time to time; and

(j) "By-Laws" shall mean the By-Laws of the Trust as amended from time to time.

Section 1.3 Resident Agent. The name and address of the Trust's Resident Agent is CT Corporation, 2 Oliver Street, Boston, Massachusetts 02109.

Section 1.4 Principal Place of Business. The Trust's principal place of business is 350 Linden Oaks, Rochester, New York 14625. The Trust is in compliance with and will continue to comply with Massachusetts' law.

ARTICLE 2

PURPOSE OF TRUST

The purpose or purposes for which the Trust is formed and the business or objects to be transacted, carried on and prompted by it are as follows:

Section 2.1 To hold, invest, or reinvest its funds, and in connection therewith to hold part or all of its funds in cash, and to purchase or otherwise acquire, hold for investment or otherwise, sell, sell short, assign, negotiate, transfer, exchange or otherwise dispose of or turn to account or realize upon, securities (which term "securities" shall for the purpose of this Declaration of Trust, without limitation of the generality thereof, be deemed to include any stocks, shares, bonds, financial futures contracts, indexes, debentures, notes, mortgages or other obligations, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same, or evidencing or representing any other rights or interests therein, or in any property or assets) created or issued by an issuer (which term "issuer" shall for the purpose of this Declaration of Trust, without limitation of the generality thereof be deemed to any include any persons, firms, associations, corporations, syndicates, business trusts, partnerships, investment companies, combinations, organizations, governments, or subdivisions thereof) and in financial instruments (whether they are considered as securities or commodities); and to exercise, as owner or holder of any and all acts and things for the preservation,

protection, improvement and enhancement in value of any or all such securities or financial instruments.

Section 2.2 To borrow money and pledge assets in connection with any of the objects or purposes of the Trust, and to issue notes or other obligations evidencing such borrowings, to the extent permitted by the 1940 Act and by the Trust's fundamental investment policies under the 1940 Act.

Section 2.3 To issue and sell its Shares in such Series and Classes and amounts and on such terms and conditions, for such purposes and for such amount or kind of consideration (including without limitation thereto, securities) now or hereafter permitted by the laws of the Commonwealth of Massachusetts and by this Declaration of Trust, as the Trustees may determine.

Section 2.4 To purchase or otherwise acquire, hold, dispose of, resell, transfer, reissue or cancel its Shares, or to classify or reclassify any unissued Shares or any Shares previously issued and reacquired of any Series or Class into one or more Series or Classes that may have been established and designated from time to time, all without the vote or consent of the Shareholders of the Trust, in any manner and to the extent now or hereafter permitted by this Declaration of Trust.

Section 2.5 To conduct its business at one or more offices within the State of New York and elsewhere in any part of the world, without restriction or limit as to extent.

Section 2.6 To carry out all or any of the foregoing objects and purposes as principal or agent, and alone or with associates or to the extent now or hereafter permitted by the laws of Massachusetts, as a member of, or as the owner or holder of any stock of, or shares of interest in, any issuer, and in connection therewith or make or enter into such deeds or contracts with any issuers and to do such acts and things and to exercise such powers, as a natural person could lawfully make, enter into, do or exercise.

Section 2.7 To do any and all such further acts and things and to exercise any and all such further powers as may be necessary, incidental, relative, conducive, appropriate or desirable for the accomplishments, carrying out or attainment of all or any of the foregoing purposes or objects.

The foregoing objects and purposes shall, except as otherwise expressly provided, be in no way limited or restricted by reference to, or inference from, the terms of any other clause of this or any other Article of this Declaration of Trust, and shall each be regarded as independent and construed as powers as well as objects and purposes, and the enumeration of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers of the Trust now or hereafter conferred by the laws of the Commonwealth of Massachusetts nor shall the expression of one thing be deemed to exclude another, though it be of a similar or dissimilar nature, not expressed; provided, however, that the Trust shall not carry on any business, or exercise any powers, in any state, territory, district or country except to the extent that the same may lawfully be carried on or exercised under the laws thereof.

ARTICLE 3

THE TRUSTEES

Section 3.1 Number, Designation, Election, Term, etc.

(a) Number. The Trustees serving as such, in accordance with the provisions of this Declaration of Trust, may increase or decrease the number of Trustees to a number other than the number theretofore determined. No decrease in the number of Trustees shall have the effect of removing any Trustee from office prior to the expiration of his or her term, but the number of Trustees may be decreased in conjunction with the removal of a Trustee pursuant to subsection (d) of this Section 3.1.

(b) Election and Term. The Trustees shall be elected by Shareholders of the Trust. Each Trustee, whether named above or hereafter becoming a trustee, shall serve as a Trustee of the Trust and of each Series of the Trust hereunder during the lifetime of this Trust and until its termination as hereinafter provided except as such Trustee sooner dies, resigns or is removed. Subject to Section 16(a) of the 1940 Act, the Trustees may elect their own successors and may, pursuant to Section 3.1(e) hereof appoint Trustees to fill vacancies.

(c) Resignation and Retirement. Any Trustee may resign his trust or retire as Trustee, by written instrument signed by him and delivered to the other Trustees or to any officer of the Trust, and such resignation or retirement shall take effect upon such a delivery or upon such later date as is specified in such instrument and shall be effective as to the Trust and each Series of the Trust hereunder.

(d) Removal. Any Trustee may be removed with or without cause at any time: (i) by written instrument, signed by at least two-thirds of the number of Trustees prior to such removal, specifying the date upon which such removal shall become effective; or (ii) by vote of Shareholders holding not less than two-thirds of the Shares then outstanding, cast in person or by proxy at any meeting called for the purpose; or (iii) by a written declaration signed by Shareholders holding not less than two-thirds of the Shares then outstanding and filed with the Trust's Custodian. Any such removal shall be effective as to the Trust and each Series or Class hereunder.

(e) Vacancies. Any vacancy or anticipated vacancy resulting from any reason, including without limitation the death, resignation, retirement, removal, or incapacity of any of the Trustees, or resulting from an increase in the number of Trustees by the other Trustees may (but need not unless required by the 1940 Act) be filled either by a majority of the remaining Trustees, subject to the provisions of Section 16(a) of the 1940 Act, through the appointment in writing of such other person as such remaining Trustees in their discretion shall determine and such appointment shall be effective upon the written acceptance of the person named therein to serve as a Trustee and agreement by such person to be bound by the provisions of this Declaration of Trust, except that any such appointment in anticipation of a vacancy to occur by reason of retirement, resignation, or increase in number of Trustees to be effective at a later date shall become effective only at or after the effective

date of said retirement, resignation, or increase in number of Trustees. As soon as any Trustee so appointed shall have accepted such appointment and shall have agreed in writing to be bound by this Declaration of Trust and the appointment is effective, the Trust estate

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shall vest in the new Trustee, together with the continuing Trustees, without any further act or conveyance.

(f) Effect of Death, Resignation, etc. The death, resignation, retirement, removal, or incapacity of the Trustees, or any one of them, shall not operate to annul or terminate the Trust or any Series hereunder or to revoke or terminate any existing agency or contract created or entered into pursuant to the terms of this Declaration of Trust.

(g) No Accounting. Except to the extent required by the 1940 Act or under circumstances which would justify his removal for cause, no person ceasing to be a Trustee as a result of his death, resignation, retirement, removal or incapacity (nor the estate of any such person) shall be required to make an accounting to the Shareholders or remaining Trustees upon such cessation.

Section 3.2 Power of Trustees. Subject to the provisions of this Declaration of Trust, the business of the Trust shall be managed by Trustees, and they shall have all powers necessary or convenient to carry out that responsibility and the purpose of the Trust.

Without limiting the foregoing and to the extent not inconsistent with the 1940 Act or other applicable law, the Trustees shall have power and authority for and on behalf of the Trust and each separate Series or Class established hereunder, and the Trustees may:

(a) adopt By-Laws not inconsistent with this Declaration of Trust providing for the conduct of the business and affairs of the Trust and may amend and repeal them to the extent that such By-Laws do not reserve that right to the Shareholders;

(b) from time to time in accordance with the provisions of Section 4.3 hereof establish Series, each Series to operate as a separate and distinct investment medium and with separately defined investment objectives and policies and distinct investment purposes and to allocate assets, liabilities and expenses of the Trust to a particular Series of Shares or to apportion the same among two or more Series, provided that any liability or expense incurred by a particular Series of Shares shall be payable solely out of the assets of that Series;

(c) as they consider appropriate elect and remove officers and appoint and terminate agents and consultants and hire and terminate employees, and one or more the foregoing of whom may be a Trustee, and may provide for the compensation of all of the foregoing;

(d) appoint from their own number, and terminate, any one or more

committees consisting of two or more Trustees, including without implied limitation an executive committee, which may, when the Trustees are not in session and subject to the 1940 Act, exercise some or all of the power and authority of the Trustees as the Trustees may determine;

(e) in accordance with Section 3.3, employ one or more advisers, administrators, depositories and custodians and may authorize any depository or custodian to employ subcustodians or agents and to deposit all or any part of such assets in a system or systems for the central handling of securities and debt instruments;

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(f) retain transfer, dividend, accounting or shareholder servicing agents or any of the foregoing, provide for the distribution of Shares by the Trust through one or more distributors, principal underwriters or otherwise;

(g) set record dates or times for the determination of Shareholders or various of them with respect to various matters;

(h) compensate or provide for the compensation of the Trustees, officers, advisers, administrators, custodians, other agents, consultants and employees of the Trust or the Trustees on such terms as they deem appropriate;

(i) in general, delegate to any officer of the Trust, to any committee of the Trustees and to any employee, adviser, administrator, distributor, depository, custodian, transfer and dividend disbursing agent, or any other agent or consultant of the Trust such authority, powers, functions and duties as they consider desirable or appropriate for the conduct of the business and affairs of the Trust, including without implied limitation, the power and authority to act in the name of the Trust and of the Trustees, to sign documents and to act as an attorney-in-fact for the Trustees.

(j) invest and reinvest cash or other property, and to hold cash or other property uninvested without in any event being bound or limited by any present or future law or custom in regard to investments by Trustees;

(k) sell, exchange, lend, pledge, mortgage, hypothecate, write options on and lease any or all of the assets of the Trust;

(l) vote or give assent, or exercise any rights of ownership, with respect to stock or other securities, debt instruments or property; and to execute and deliver proxies or powers of attorney to such person or persons as Trustees shall deem proper, granting to such person or persons such power and discretion with relation to securities, debt instruments or property as the Trustees shall deem proper;

(m) exercise powers and rights of subscription or otherwise which in any manner arise out of ownership of securities or debt instruments;

(n) hold any security, debt instrument or property in a form not indicating any trust, whether in bearer, unregistered or other negotiable form, or in the

name of the Trustees or of the Trust or of any Series or Class or in the name of a custodian, subcustodian or other depository or a nominee or nominees or otherwise;

(o) consent to or participate in any plan for the reorganization, consolidation or merger of any corporation or issuer, any security or debt instrument of which is or was held in the Trust; to consent to any contract, lease, mortgage, purchase or sale of property by such corporation or issuer, and to pay calls or subscriptions with respect to any security or debt instrument held in the Trust;

(p) join with other holders of any securities or debt instruments in acting through a committee, depository, voting trustee or otherwise, and in that connection to deposit any security or debt instrument

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with, or transfer any security or debt instrument to, any such committee, depository or trustee, and to delegate to them such power and authority with relation to any security or debt instrument (whether or not so deposited or transferred) as the Trustees shall deem proper, and to agree to pay, and to pay, such portion of the expenses and compensation of such committee, depository or trustee as the Trustees shall deem proper;

(q) compromise, arbitrate or otherwise adjust claims in favor of or against the Trust or any Series or Class or any matter in controversy, including, but not limited to, claims for taxes;

(r) enter into joint ventures, general or limited partnerships and any other combinations or associations;

(s) borrow funds and to mortgage and pledge the assets of the Trust or any part thereof to secure obligations arising in connection with such borrowing;

(t) endorse or guarantee the payment of any notes or other obligations of any person; to make contracts of guaranty or suretyship, or otherwise assume liability for payment thereof; and to mortgage and pledge the Trust property or any part thereof to secure any or all of such obligations;

(u) purchase and pay for entirely out of Trust property such insurance as they may deem necessary or appropriate for the conduct of the business of the Trust, including, without limitation, insurance policies insuring the assets of the Trust and payment of distributions and principal on its portfolio investments, and insurance policies insuring the Shareholders, Trustees, officers, employees, agents, consultants, investment advisers, managers, administrators, distributors, principal underwriter, or independent contractors, or any thereof (or any person connected therewith), of the Trust individually against all claims and liabilities of every nature arising by reason of holding, being or having held any such office or position, or by reason of any action alleged to have been taken or omitted by any such person in any such capacity, including any action taken or omitted that may be determined to constitute negligence, whether or not the Trust would have the power to indemnify such

person against such liability; and

Except as otherwise provided by the 1940 Act or other applicable law, this Declaration of Trust or the By-Laws, any action to be taken by the Trustees on behalf of the Trust or any Series or Class may be taken by a majority of the Trustees present at a meeting of Trustees (a quorum, consisting of at least a majority of the Trustees then in office, being present), within and without Massachusetts, including any meeting held by means of conference telephone or other communications equipment by means of which all persons participation in the meeting can hear such other at the same time and participation by such means shall constitute presence in person at a meeting, or by the unanimous written consent of the Trustees then in office.

Section 3.3 Certain Contracts. Subject to compliance with the provisions of the 1940 Act, but notwithstanding any limitations of present and future law or custom in regard to delegation of powers by trustees generally, the Trustees may, at any time and from time to time and without limiting the generality of their powers and authority otherwise set forth herein, enter into one or more contracts with any one or more corporations, trusts, associations, partnerships, limited partnerships, other type of organizations, or individuals ("Contracting Party"), to provide for the performance and assumption of some or all of the

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following services, duties and responsibilities to, for or on behalf or the Trust and/or any Sub-Trust, and/or the Trustees, and to provide for the performance and assumption of such other services, duties and responsibilities in addition to those set forth below as the Trustees may determine appropriate:

(a) Advisory. Subject to the general supervision of the Trustees and in conformity with the stated policy of the Trustees with respect to the investments of the Trust or of the assets belonging to any Series of the Trust (as that phrase is defined in subsection (a) of Section 4.3), to manage such investments and assets, make investment decisions with respect thereto, and to place purchase and sale orders for portfolio transactions relating to such investments and assets;

(b) Administration. Subject to the general supervision of the Trustees and in conformity with any policies of the Trustees with respect to the operations of the Trust and each Series or Class, to supervise all or any part of the operations of the Trust and each Series or Class, and to provide all or any part of the administrative and clerical personnel, office space and office equipment and service appropriate for the efficient administration and operations of the Trust and each Series or Class;

(c) Distribution. To distribute the Shares of the Trust and each Series or Class, to the principal underwriter of such Shares, and/or to act as agent of the Trust and each Series or Class in the sale of Shares and the acceptance or rejection of orders for the purchase of Shares;

(d) Custodian and Depository. To act as depository for and to maintain custody of the property of the Trust and each Series or Class and accounting

records in connection therewith;

(e) Transfer and Dividend Disbursing Agency. To maintain records of the ownership of outstanding Shares, the issuance and redemption and the transfer thereof, and to disburse any dividends declared by the Trustees and in accordance with the policies of the Trustees and/or the instructions of any particular Shareholder to reinvest any such dividends;

(f) Shareholder Servicing. To provide service with respect to the relationship of the Trust and its Shareholders, records with respect to Shareholders and their Shares, and similar matters; and

(g) Accounting. To handle all or any part of the accounting responsibilities, whether with respect to the Trust's properties, Shareholders or otherwise.

The same person may be the Contracting Party for some or all of the services, duties and responsibilities to, for and of the Trust and/or the Trustees, and the contracts with respect thereto may contain such terms interpretive of or in addition to the delineation of the services, duties and responsibilities provided for, including provisions that are not inconsistent with the 1940 Act relating to the standard of duty of and the rights to indemnification of the Contracting Party and others, as the Trustees may determine. Nothing herein shall preclude, prevent or limit the Trust or a Contracting Party from entering into sub-contractual arrangements relative to any of the matters referred to in Sections 3.3(a) through (g) hereof.

The fact that:

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(i) any of the Shareholders, Trustees or officers of the Trust is a shareholder, director, officer, partner, trustee, employee, manager, advisor, principal underwriter or distributor or agent of or for any Contracting Party, or of or for any parent or affiliate of any Contracting Party or that the Contracting Party or any parent or affiliate thereof is a Shareholder or has an interest in the Trust or any Sub-Trust, or that

(ii) any Contracting Party may have a contract providing for the rendering of any similar services to one or more other corporations, trusts, associations, partnerships, limited partnerships or other organizations, or have other business or interests, shall not affect the validity of any contract for the performance and assumption of services, duties and responsibilities to, for or of the Trust or any Series and/or the Trustees or disqualify any Shareholder, Trustee or officer of the Trust from voting upon or executing the same or create any liability or accountability to the Trust, any Series or its Shareholders, provided that in the case of any relationship or interest referred to in the preceding clause (i) on the part of any Trustee or officer of the Trust either (A) the material facts as known to such relationship or interest have been disclosed to or are known by the Trustees not having any such relationship or interest and the contract involved is approved in good faith by a majority of such Trustees not having any such relationship or interest (even though such

unrelated or disinterested Trustees are less than a quorum of all of the Trustees, or (B) the material facts as to such relationship or interest and as to the contract have been disclosed to or are known by the Shareholders, and (C) the specific contract involved is fair to the Trust as of the time it is authorized, approve or ratified by the Trustees or by the Shareholders.

Section 3.4 Payment of Trust Expenses and Compensation of Trustees. The Trustees are authorized to pay or to cause to be paid out of the principal or income of the Trust or any Series or Class, or partly out of principal and partly out income, and to charge or allocate the same to, between or among such one or more of the Series or Class that may be established and designated pursuant to Article 4, as the Trustees deem fair, all expenses, fees, charges, taxes and liabilities incurred or arising in connection with the Trust or any Series or Class, or in connection with the management thereof, including, but not limited to, the Trustees' compensation and such expenses and charges for the services of the Trust's officers, employees, investment adviser, administrator, distributor, principal underwriter, auditor, counsel, depository, custodian, transfer agent, dividend disbursing agent, accounting agent, Shareholder servicing agent, and such other agents, consultants, and independent contractors and such other expenses and charges as the Trustees may deem necessary or proper to incur. Without limiting the generality of any other provision hereof, the Trustees shall be entitled to reasonable compensation from the Trust for their services as Trustees and may fix the amount of such compensation.

Section 3.5 Assets and Liabilities of the Trust. The assets of the Trust shall be held separate and apart from any assets now or hereafter held in any capacity other than as Trustee hereunder by the Trustees or any successor Trustees. All of the assets of the Trust shall at all times be considered as vested in the Trustees. No Shareholder shall be deemed to have a severable ownership in any individual asset of the Trust or any right of partition or possession thereof, but each Shareholder of a Series or Class of Shares of the Trust shall have a proportionate undivided beneficial interest in the assets belonging to the Series of Class of Shares of the Trust held by the Shareholders of such Series or Class of Shares in the Trust.

All consideration received by the Trust for the issue or sale of Shares of a particular Series or Class, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits,

and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall be referred to as "assets belonging to" that Series or Class and shall be held by the Trustees in Trust for the benefit of the Shareholders of that Series or Class. The assets belonging to each particular Series or Class shall be charged with the liabilities of that Series or Class and all expenses, costs, charges and reserves attributable to that Series or Class. In addition, any assets, income, earnings, profits, and proceeds thereof, funds, or payments or any general liabilities, expenses, costs, charges or reserves of the Trust which are not readily identifiable as belonging to or chargeable to any particular Series

shall be allocated by the Trustees between and among one or more of the Series in such a manner as they, in their sole discretion, deem fair and equitable. Each such allocation shall be conclusive and binding upon the Shareholders of all Series for all purposes, and shall be referred to as assets belonging to that Series. Any creditor of any Series may look only to the assets of that Series to satisfy such creditor's debt. Certain expenses also may be allocated to a particular Class of Shares. All such Class expenses will be charged directly to the net assets of the particular Class and thus will be borne on a pro rata basis by the outstanding Shares of the Class.

ARTICLE 4

SHARES

Section 4.1 Description of Shares. The Shares of the Trust shall be issued in one or more separate and distinct Series and/or classes as the Trustees may, without shareholder approval, authorize. Each Series shall be preferred over all other Series in respect of the assets allocated to that Portfolio. The beneficial interest of each Series shall at all times be divided into an unlimited number of transferable Shares, each of which shall represent an equal proportionate interest in the Series with each other Shares of the same Series, none having priority or preference over another. Each such share shall be fully paid and nonassessable. Each Series shall be represented by one or more classes of Shares, with each class possessing such rights (including, notwithstanding any contrary provision herein, voting rights) as the Trustees, without shareholder approval, authorize. The number of shares authorized shall be unlimited, and the Shares so authorized may be represented in part by fractional shares. The Trustees may from time to time and without shareholder approval divide or combine the Shares of any Series or class into a greater or lesser number without thereby changing the proportionate beneficial interest in the Series.

(a) The number of authorized Shares and the number of Shares of each Series and each Class of a Series that may be issued is unlimited, and the Trustees may issue Shares of any Series or Class of any Series for such consideration and on such terms as they may determine (or for no consideration if pursuant to a Share dividend or split-up), all without action or approval of the Shareholders. All Shares when so issued on the terms determined by the Trustees shall be fully paid and non-assessable (but may be subject to mandatory redemption by the Trust as provided in subsection (g) of Section 4.3). The Trustees may classify or reclassify any unissued Shares or any Shares previously issued and reacquired of any Series or into one or more Series or Classes of Series that may be established and designated from time to time. The Trustees may hold as treasury Shares, reissue for such consideration and on such terms as they may determine, or cancel, at their discretion from time to time, any Shares of any Series reacquired by the Trust.

The Trustees may from time to time close the transfer books or establish record dates and times for the purposes of determining the holders of Shares entitled to be treated as such, to the extent provided or referred to in Section

(b) The establishment and designation of any Series or any Class of any Series in addition to those established and designated in Section 4.2 and 4.3 shall be effective upon the execution by a majority of the Trustees of an instrument setting forth such establishment and designation and the relative rights and preferences of the Shares of such Series or such Class of such Series, or as otherwise proved in such instrument. At any time that there are no Shares outstanding of any particular Series previously established and designated the Trustees may by an instrument executed by a majority of their number abolish that Series and the establishment and designation thereof. Each instrument referred to in this paragraph shall have the status of an amendment to this Declaration of Trust.

(c) Any Trustee, officer of other agent of the Trust, and any organization in which any such person is interested may acquire, own, hold and dispose of Shares of any Series of the Trust to the same extent as if such person were not a Trustee, officer of other agent of the Trust; and the Trust may issue and sell or cause to be issued and sold and may purchase Shares of any Series from any such person or any such organization subject only to the general limitations, restrictions or other provisions applicable to the sale or purchase of Shares of such Series generally.

Section 4.2 Establishment and Designation of Classes of Shares. The Trustees shall have the authority without shareholder approval from time to time to divide the Shares of any Series into two or more Classes as they deem necessary or desirable, and to establish and designate such Classes. In such event, each Class of a Series shall represent interests in the designated Series of the Trust and have such voting, dividend, liquidation and other rights as may be established and designated by the Trustees. Expenses related directly or indirectly to the Shares of a Class of a Series may be borne solely by such Class (as shall be determined by the Trustees) and, as provided in Section 4.3, a Class of a Series may have exclusive voting rights with respect to matters relating solely to such Class. The bearing of expenses solely by a Class of Shares or a Series shall be appropriately reflected (in the manner determined by the Trustees) in the net asset value, dividend, and liquidation rights of the Shares of such Class of a Series. The division of the Shares of a Series into Classes and the terms and conditions pursuant to which the Shares of the Classes of a Series will be issued must be made in compliance with 1940 Act and other federal securities laws.

Section 4.3 Establishment and Designation of Series. Without limiting the authority of the Trustees set forth Section 4.1 to establish and designate any further Series, the Trustees hereby establish and designate one Series: Limited Term New York Municipal Fund and any Shares of any further Series that may from time to time be established and designated by the Trustees shall (unless the Trustees otherwise determine with respect to some further Series at the time of establishing and designating the same) have the following relative rights and preferences:

(a) Assets Belonging to Series. All consideration received by the Trust for the issue or sale of Shares of a particular Series, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale,

or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall be held by the Trustees in trust for the benefit of the holders of Shares of the Series and shall irrevocably belong to that Series for all purposes, and shall be so recorded upon the books of account of the Trust. Such consideration, assets, income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds, in whatever form the same may be, together with any General Items allocated to that Series as provided in the following sentence, are herein referred to as "assets belonging to" that Series. In the event that there are any assets, income, earnings, profits, and proceeds thereof, funds, or payments which are not readily identifiable as belonging to any particular Series (collectively "General Items"), the Trustee shall allocate such General Items to and among any one or more of the Series established and designated from time to time in such manner and on such basis as they, in their sole discretion, deem fair and equitable; and any General Items so allocated to a particular Series. Each such allocation by the Trustees shall be conclusive and binding upon the Shareholders of all Series for all purposes.

(b) (1) Liabilities Belonging to Series. The assets belonging to each particular Series shall be charged with the liabilities in respect of that Series and all expenses, costs, charges and reserves attributable to that Series, and any general liabilities, expenses, costs, charges or reserves of the Trust which are not readily identifiable as belonging to any particular Series shall be allocated and charged by the Trustees to and among any one or more of the Series established and designated from time to time in such manner and on such basis as the Trustees in their sole discretion deem fair and equitable. The liabilities, expenses, costs, charges and reserves allocated and so charged to a Series are herein referred to as "liabilities belonging to" that Series. Each allocation of liabilities, expenses, costs, charges and reserves by the Trustees shall be conclusive and binding upon the Shareholders of all Series for all purposes. Any creditor of any Series may look only to the assets of that Series to satisfy such creditor's debt.

(2) Liabilities Belonging to a Class. If a Series is divided into more than one Class, the liabilities, expenses, costs, charges and reserves attributable to a Class may be charged and allocated to the Class to which such liabilities, expenses, costs, charges or reserves are attributable. Any general liabilities, expenses, costs, charges or reserves belonging to the Series which are not identifiable as belonging to any particular Class shall be allocated and charged by the Trustees to and among any one or more of the Classes established and designated from time to time in such manner and on such a basis as the Trustees in their sole discretion deem fair and equitable. The liabilities, expenses, costs, charges and reserves allocated and so charges to each Class are herein referred to as "Liabilities belonging to" that Class. Each allocation of liabilities, expenses, costs, charges and reserves by the Trustees shall be conclusive and binding upon the holders of all Classes for all purposes.

(3) Income and Capital Items. The Trustees shall have full discretion, to the extent not inconsistent with the 1940 Act, to determine which items shall be treated as income and which items as capital; and each such determination and allocation shall be conclusive and binding upon the Shareholders.

(c) Dividends. Dividends and distributions on Shares of a particular Series or Class may be paid with such frequency as the Trustees may determine, which may be daily or otherwise pursuant to a standing resolution or resolutions adopted only once or with such frequency as the Trustees may determine, to the

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holders of Shares of that Series or Class, from such of the income and capital gains, accrued or realized, from the assets belonging to that Series, as the Trustees may determine, after providing for actual and accrued liabilities belonging to such Series or Class. All dividends and distributions on Shares of a particular Series or Class shall be distributed pro rata to the holders of Shares of such Series or Class in proportion to the number of Shares of such Series or Class held by such holders at the date and time of record established for the payment of such dividends or distributions, except that in connection with any dividend or distribution program or procedure the Trustees may determine that no dividend or distribution shall be payable on Shares as to which the Shareholder's purchase order and/or payment have not been received by the time or times established by the Trustees under such program or procedure. Such dividends and distributions may be made in cash or Shares of that Series or Class or a combination thereof as determined by the Trustees or pursuant to any program that the Trustees may have in effect at the time for the election by each Shareholder of the mode of the making of such dividend or distribution to that Shareholder. Any such dividend or distribution paid in Shares will be paid at the net asset value thereof as determined in accordance with subsection (h) of Section 4.3.

(d) Liquidation. In the event of the liquidation or dissolution of the Trust, the Shareholders of all Classes of each Series that has been established and designated shall be entitled to receive, as a Series or Class, when and as declared by the Trustees, the excess of the assets belonging to such Series or Class over the liabilities belonging to that Series or Class. The assets so distributable to the Shareholders of any particular Series or Class shall be distributed among such Shareholders in proportion to the number of Shares of such Class of that Series held by them and recorded on the books of the Trust. The liquidation of any particular Series or Class may be authorized by vote of a majority of the Trustees then in office subject to the approval of a majority of the outstanding voting Shares of that Series or Class, as defined in the 1940 Act.

(e) Voting. On each matter submitted to a vote of the Shareholders, each holder of a Share of each Series shall be entitled to one vote for each whole Share and for a proportionate fractional vote for each fractional Share standing in his name on the books of the Trust and all shares of each Series shall vote as a separate class, except as to voting for Trustees and as otherwise required by the 1940 Act. As to any matter which does not affect the interest of a particular Series, only the holders of Shares of one or more of the affected

Series shall be entitled to vote. If the shares of a Series shall be divided into Classes as provided in Section 4.2, the shares of each Class shall have identical voting rights except that the Trustees, in their discretion, may provide a Class of a Series with exclusive voting rights with respect to matters which relate solely to such Class. If the Shares of any Series shall be divided into Classes with a Class having exclusive voting rights with respect to certain matters, the quorum and voting requirements described below with respect to action to be taken by the shareholders of the Class of such Series on such matters shall be applicable only to the Shares of such Class. Any fractional Share shall carry proportionately all the rights of a whole Share, including the right to vote and the right to receive dividends.

(f) Redemption by Shareholders. In case any Shareholder of record of a particular Series desires to dispose of Shares, that shareholder may deposit at the office of the transfer agent or other authorized agent of the Trust a written request or such other form of request as the Trustees may from time to time authorize, requesting that the Trust purchase said Shares in accordance with this Section 4.3; and the Shareholder so requesting shall be entitled to require the Trust to purchase, and the Trust or the principal

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underwriter of the Trust shall purchase said Series, but only at the Net Asset Value thereof (as described in Section 4.3(h) hereof). The Series shall make payment for any such Shares to be redeemed, as aforesaid, in cash to the extent required by Federal law, and securities from such Series' assets, and payment for such Shares shall be made by the Series or the principal underwriter to the Shareholder of record within seven (7) days after the date upon which the request is effective, provided, however, that if Shares being redeemed have been purchased by check, the Series may postpone payment until the Trust has assurance that good payment has been collected for the purchase of the Shares. The Trust may require Shareholders to pay a sales charge to the Trust, the underwriter or any other person designated by the Trustees upon redemption or repurchase of Shares of any Portfolio in such amount as shall be determined from time to time by the Trustees. The amount of such sales charge may but need not vary depending on various factors, including without limitation the holding period of the redeemed or repurchased Shares. The Trustees may also charge a redemption or repurchase fee in such amount as may be determined from time to time by the Trustees.

(g) Redemption by Trust. Each Share of each Series or Class that has been established and designated is subject to redemption by the Trust at the redemption price which would be applicable if such Share was then being redeemed by the Shareholder pursuant to subsection (f) of this Section 4.3: (a) at any time, if the Trustees determine in their sole discretion that failure to so redeem may have materially adverse consequences to the holders of the Shares of the Trust or any Series or Class thereof, or (b) upon such other conditions as may from time to time be determined by the Trustees and set forth in the then current Prospectus of the Trust with respect to maintenance of Shareholder accounts of a minimum amount. Upon such redemption of the holders of the Shares so redeemed shall have no further right with respect thereto other than to receive payment of such redemption price.

(h) Net Asset Value. The net asset value per Share of any Series or Class shall be the quotient obtained by dividing the value of the net assets of that Series or Class (being the value of the assets belonging to that Series or Class less the liabilities belonging to that Series or Class) by the total number of Shares of that Series or Class outstanding, all determined in accordance with the methods and procedures, including without limitation those with respect to rounding, established by the Trustees from time to time.

The Trustees may determine to maintain the net asset value per Share of any Series or Class at a designated constant dollar amount and in connection therewith may adopt procedures not inconsistent with the 1940 Act for the continuing declarations of income attributable to that Series or Class as dividends payable in additional Shares of that Series or Class at the designated constant dollar amount and for the handling of any losses attributable to that Series or Class. Such procedures may provide that in the event of any loss each Shareholder shall be deemed to have contributed to the capital of the Trust attributable to that Series or Class his pro rata portion of the total number of Shares required to be cancelled in order to permit the net asset value per Share of that Series or Class to be maintained, after reflecting such loss, at the designated constant dollar amount. Each shareholder of the Trust shall be deemed to have agreed, by his investment in any Series or Class with respect to which the Trustees shall have adopted any such procedure, to make the contribution referred to in the preceding sentence in the event of any such loss.

(i) Transfer. All Shares of each particular Series shall be transferable, but transfers of Shares of a particular Series and Class will be recorded on the Share transfer records of the Trust applicable to such

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Class of that Series only at such times as Shareholders shall have the right to require the Trust to redeem Shares of such Class of that Series and at such other times as may be permitted by the Trustees.

(j) Equality. All Shares of all Series shall represent an equal proportionate interest in the assets belonging to that Series (subject to the liabilities belonging to such Class of that Series), and each Share of any particular Series shall be equal to each other Share of that Series; but the provisions of this sentence shall not restrict any distinctions permissible under subsection (c) of this Section 4.3 that may exist with respect to dividends and distributions on Shares of the different Classes of a Series. The Trustees may from time to time without shareholder approval divide or combine the Shares of that Class or Series into a greater or lesser number of Shares of that Class or Series without thereby changing the proportionate beneficial interest in the assets belonging to that Class or Series or in any way affecting the rights of Shares of any other Class or Series.

(k) Fractions. Any fractional Share of any Class and Series, if any such fractional Share is outstanding, shall carry proportionately all the rights and obligations of a whole Share of that Class and Series, including rights and obligations with respect to voting, receipt of dividends and distributions,

redemption of Shares, and liquidation of the Trust.

(1) Conversion Rights. Subject to compliance with the requirements of the 1940 Act, the Trustees shall have the authority to provide that (i) holders of Shares of any Series shall have the right to exchange said Shares into Shares of one or more other Series of Shares, (ii) holders of shares of any Class shall have the right to exchange said Shares into Shares of one or more other Classes of the same or a different Series, and/or (iii) the Trust shall have the right to carry out the aforesaid exchanges, in each case in accordance with such requirements and procedures as may be established by the Trustees.

Section 4.4 Ownership of Shares. The ownership of Shares shall be recorded on the books of the Trust or of a transfer or similar agent for the Trust, which books shall be maintained separately for the shares of each Class and Series that has been established and designated. No certificate certifying the ownership of Shares need be issued except as the Trustees may otherwise determine from time to time. The Trustees may make such rules as they consider appropriate for the issuance of Share certificates, the use of facsimile signatures, the transfer of Shares and similar matters. The record books of the Trust as kept by the Trust or any transfer or similar agent, as the case may be, shall be conclusive as to who are the Shareholders and as to the number of Shares of each Class and Series held from time to time by each such Shareholder.

Section 4.5 Investments in the Trust. The Trustees may accept investments in the Trust from such persons and on such terms and for such consideration, not inconsistent with the provisions of the 1940 Act, as they from time to time authorize. The Trustees may authorize any distributor, principal underwriter, custodian, transfer agent or other person to accept orders for the purchase of Shares that conform to such authorized terms and to reject any purchase orders for Shares whether or not conforming to such authorized terms.

Section 4.6 No Preemptive Rights. Shareholders shall have no preemptive or other right to subscribe to any additional Shares or other securities issued by the Trust.

Section 4.7 Status of Shares and Limitation of Personal Liability. Shares shall be deemed to be personal property giving only the rights provided in this instrument. Every Shareholder by virtue of having become a Shareholder shall be held to have expressly assented and agreed to the terms hereof and to have become a party hereto. The death of a Shareholder during the continuance of the Trust shall not operate to terminate the Trust or any Series or Class thereof nor entitle the representative of any deceased Shareholder to an accounting or to take any action in court or elsewhere against the Trust or the Trustees, but only to the rights of said decedent under this Trust. Ownership of Shares shall not entitle the Shareholder to any title in or to the whole or any part of the Trust property or right to call for a partition or division of the same or for an accounting, nor shall the ownership of Shares constitute the Shareholders partners. Neither the Trust nor the Trustees, nor any officer, employee or agent of the Trust shall have any power to bind personally any Shareholder, nor except as specifically provided herein to call upon any Shareholder for the payment of

any sum of money or assessment whatsoever other than such as the Shareholder may at any time personally agree to pay.

ARTICLE 5

SHAREHOLDERS' VOTING POWERS AND MEETINGS

Section 5.1 Voting Powers. The Shareholders shall have power to vote only (i) for the election or removal of Trustees as provided in Section 3.1, (ii) with respect to any contract with a Contracting Party as provided in Section 3.3 as to which Shareholder approval is required by the 1940 Act, (iii) with respect to any termination or reorganization of the Trust or any Series to the extent and as provided in Sections 7.1 and 7.2, (iv) with respect to any amendment of this Declaration of Trust, to the extent and as provided in Section 7.3, (v) to the same extent as the stockholders of a Massachusetts business corporation as to whether or not a court action, proceeding or claim would or should not be brought or maintained derivatively as a class action on behalf of the Trust or any Series or Class thereof or the Shareholders (provided, however, that a shareholder of a particular Series or Class shall not be entitled to initiate a derivative or class action on behalf of any other Series or Class (or shareholder of any other Series or Class) of the Trust) and (vi) with respect to such additional matters relating to the Trust as may be required by the 1940 Act, this Declaration of Trust, the By-Laws or any registration of the Trust with the Commission (or successor agency) or any state, or as the Trustees may consider necessary or desirable. There shall be no cumulative voting on the election of Trustees. Shares may be voted in person or by proxy. A proxy with respect to shares held in the name of two or more persons shall be valued if executed by any one of them unless at or prior to exercise of the proxy the Trust receives specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a Shareholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. Until shares are issued, the Trustees may exercise all rights of Shareholders and may take any action required by law, this Declaration of Trust or the By-Laws to be taken by the Shareholders.

Section 5.2 Meetings. No annual or regular meeting of Shareholders is required. Special meetings of Shareholders may be called by the Trustees from time to time for the purpose of taking action upon any matter requiring the vote or authority of the Shareholders as herein provided or upon any other matter deemed by the Trustees to be necessary or desirable. Written notice of any meeting of Shareholders

shall be given or caused to be given by the Trustees by mailing such notice at least seven days before such meeting, postage prepaid, stating the time, place and purpose of the meeting, to each Shareholder at the Shareholder's address as it appears on the records of the Trust. The Trustees shall promptly call and give notice of a meeting of Shareholders for the purpose of voting upon removal of any Trustee of the Trust when requested to do so in writing by Shareholders holding not less than 10% of the Shares then outstanding. If the Trustees shall fail to call or give notice of any meeting of Shareholders for a period of 30

days after written application by Shareholders holding at least 10% of the Shares then outstanding requesting a meeting be called for a purpose requiring action by the Shareholders as provided herein or in the By-Laws, then Shareholders holding at least 10% of the Shares then outstanding may call and give notice of such meeting and thereupon the meeting shall be held in the manner provided for herein in case of call thereof by the Trustee.

Section 5.3 Record Dates. For the purpose of determining the Shareholders who are entitled to vote or act at any meeting or any adjournment thereof, or who are entitled to participate in any dividend or distribution, or for the purpose of any other action, the Trustees may from time to time close the transfer books for such period, not exceeding 30 days (except at or in connection with the termination of the Trust), as the Trustees may determine; or without closing the transfer books the Trustees may fix a date and time not more than 60 days prior to the date of any meeting of Shareholders or other action as the date and time of record for the determination of Shareholders entitled to vote at such meeting or any adjournment thereof or to be treated as Shareholders of record for purposes of such other action, and any Shareholder who was a Shareholder at the date and time so fixed shall be entitled to vote at such meeting or any adjournment thereof or to be treated as a Shareholder of record for purposes of such other action, even though he has since that date and time disposed of his Shares, and no Shareholder becoming such after that date and time shall be so entitled to vote as such meeting or any adjournment thereof or to be treated as a Shareholder of record for purposes of such other action.

Section 5.4 Quorum and Required Vote. A majority of the Shares, or of the Shares of any Series or Class of any Series with respect to matters as to which only shareholders of said Series or Class of Series, respectively, entitled to vote shall be a quorum for the transaction of business at a Shareholders' meeting, but any lesser number shall be sufficient for adjournments. Any adjourned session or sessions may be held, within a reasonable time after the date set for the original meeting without the necessity of further notice. A majority of the Shares voted, at a meeting of which a quorum is present shall decide any questions and a plurality shall elect a Trustee, except when a different vote is required or permitted by any provision of the 1940 Act or other applicable law or by this Declaration of Trust or the By-Laws.

Section 5.5 Action by Written Consent. Subject to the provisions of the 1940 Act and other applicable law, any action taken by Shareholders may be taken without a meeting if the holders of all outstanding shares entitled to vote on the matter consent to the action in writing and such written consents are filed with the records of the meetings of Shareholders. Such consent shall be treated for all purposes as a vote taken at a meeting of Shareholders.

Section 5.6 Inspection of Record. The records of the Trust shall be open to inspection by Shareholders to the same extent as is permitted stockholders of a Massachusetts business corporation under the Massachusetts Business Corporation Law.

Section 5.7 Additional Provisions. The By-Laws may include further

provisions for Shareholders' votes and meetings and related matters not inconsistent with the provisions hereof.

Section 5.8 Shareholder Communications. Whenever ten or more Shareholders of record have been such for at least six months preceding the date of application, and who hold in the aggregate either Shares having a net asset value of at least \$25,000 or at least 1% of the outstanding Shares, whichever is less, shall apply to the Trustees in writing, stating that they wish to communicate with other Shareholders with a view to obtaining signatures to a request for a Shareholder meeting and accompanied by a form of communication and request which they wish to transmit, the Trustees shall within five business days after receipt of such application either (1) afford to such applicants access to a list of the names and addresses of all Shareholders as recorded on the books of the Trust or Series, as applicable; or (2) inform such applicants as to the approximate number of Shareholders of record, and the approximate cost of mailing to them the proposed communication and form of request.

If the Trustees elect to follow the course specified in paragraph (2) above the Trustees, upon the written request of such applicants, accompanied by a tender of the material to be mailed and of the reasonable expenses of mailing, shall, with reasonable promptness, mail such material to all Shareholders of record of their addresses as recorded on the books, unless within five business days after such tender the Trustees shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement signed by at least a majority of the Trustees to the effect that in their opinion either such material contains untrue statements of fact or omits to state facts necessary to make the statements contained therein not misleading, or would be in violation of applicable law, and specifying the basis of such opinion. The Trustees shall thereafter comply with the requirements of the 1940 Act.

ARTICLE 6

LIMITATION OF LIABILITY, INDEMNIFICATION

Section 6.1 Trustees, Shareholders, etc. Not Personally Liable; Notice. All persons extending credit to, contracting with or having any claim against the Trust shall look only to the assets of the Series or Class with which such person dealt for payment under such credit, contract or claim; and neither the Shareholders of any Series or Class nor the Trustees, nor any of the Trust's officers, employees or agents, whether past, present or future, nor any other Series shall be personally liable therefor. Every note, bond, contract, instrument, certificate or undertaking and every other act or thing whatsoever executed or done by or on behalf of the Trust, and Series or Class or the Trustees or any of them in connection with the

Trust shall be conclusively deemed to have been executed or done only by or for the Trust (or the Series or Class) or the Trustees and not personally. Nothing in this Declaration of Trust shall protect any Trustee or officer against any liability to the Trust or the Shareholders to which such Trustee or officer

would otherwise be subject by reason of wilful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of the office of Trustee or of such officer.

Every note, bond, contract, instrument, certificate or undertaking made or issued by the Trustees or by any officers or officer shall give notice that this Declaration of Trust is on file with the Secretary of the Commonwealth of Massachusetts and shall recite that the same was executed or made by or on behalf of the Trust or by them as Trustees or Trustee or as officers or officer and not individually and that the obligations of such instrument are not binding upon any of them or the Shareholders individually but are binding only upon the assets and property of the Trust, or the particular Series or Class in question, as the case may be, but the omission thereof shall not operate to bind any Trustees or Trustee or officers or officer of Shareholders or Shareholder individually.

Section 6.2 Trustee's Good Faith Action; Expert Advice; No Bond or Surety. The exercise by the Trustees of their powers and discretion hereunder shall be binding upon everyone interested. A Trustee shall be liable for his own wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Trustee, and for nothing else, and shall not be liable for errors in judgement or mistakes of fact or law. Subject to the foregoing, (a) the Trustees shall not be responsible or liable in any event for any neglect or wrongdoing of any officer, agent, employee, consultant, adviser, administrator, distributor or principal underwriter, custodian or transfer, dividend disbursing, Shareholder servicing or accounting agent of the Trust, nor shall any Trustee be responsible for the act or omission of any other Trustee; (b) the Trustees may take advice of counsel or other experts with respect to the meaning and operation of this Declaration of Trust and their duties as Trustees, and shall be under no liability for any act or omission in accordance with such advice or for failing to follow such advice; and (c) in discharging their duties, the Trustees, when acting in good faith, shall be entitled to rely upon the books of account of the Trust and upon written reports made to the Trustees by any officer appointed by them, any independent public accountant, and (with respect to the subject matter of the contract involved) any officer, partner or responsible employee of a Contracting Party appointed by the Trustees pursuant to Section 3.3. The Trustees as such shall not be required to give any bond or surety or any other security for the performance of their duties.

Section 6.3 Indemnification of Shareholders. In case any Shareholder (or former Shareholder) shall be charged or held to be personally liable for any obligation or liability of the Trust solely by reason of being or having been a Shareholder and not because of such Shareholder's acts or omissions or for some other reason, said Trust (upon proper and timely request by the Shareholder) shall assume the defense against such charge and satisfy any judgment thereon, and the Shareholder or former Shareholder (or his heirs, executors, administrators or other legal representatives or in the case of a corporation or other entity, its corporate or other general successor) shall be entitled out of the assets of said Trust estate to be held harmless from and indemnified against all loss and expense arising from such liability.

Section 6.4 Indemnification of Trustees, Officers, etc. The Trust shall indemnify (from the assets of the Series or Class or Series or Classes in

question) each of its Trustees and officers (including persons who serve at the Trust's request as directors, officers or trustees of another organization in which the Trust

has any interest as a Shareholder, creditor or otherwise (hereinafter referred to as "Covered Person") against all liabilities, including but not limited to amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and expenses, including reasonable accountants' and counsel fees, incurred by any Covered Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, before any court or administrative or legislative body, in which such Covered Person may be or may have been involved as a party or otherwise or with which such person may be or may have been threatened, while in office or thereafter, by reason of being or having been such a Trustee or officer, director or trustee, except with respect to any matter as to which it has been determined in one of the manners described below, that such Covered Person (i) did not act in good faith in the reasonable belief that such Covered Person's action was in or not opposed to the best interests of the Trust or (ii) had acted with wilful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct described in (i) and (ii) being referred to hereafter as "Disabling Conduct." A determination that the Covered Person is not entitled to indemnification due to Disabling Conduct may be made by (i) a final decision on the merits by a court or other body before whom the proceeding was brought that the person to be indemnified was not liable by reason of Disabling Conduct, (ii) dismissal of a court action or an administrative proceeding against a Covered Person for insufficiency of evidence of Disabling Conduct, or (iii) a reasonable determination, based upon a review of the facts, that the indemnitee was not liable by reason of the facts, that the indemnitee was not liable by reason of Disabling Conduct by (a) a vote of a majority of a quorum of Trustees who are neither "interested persons" of the Trust as defined in section 2(a)(19) of the 1940 Act nor parties to the proceeding, or (b) an independent legal counsel in a written opinion. Expenses, including accountants' and counsel fees so incurred by any such Covered Person (but excluding amounts paid in satisfaction of judgements, in compromise or as fines or penalties), may be paid from time to time in advance of the final disposition of any such action, suit or proceeding, provided that the Covered Person shall have undertaken to repay the amounts so paid to the Series or Class in question if it is ultimately determined that indemnification of such expenses is not authorized under this Article 6 and (i) the Covered Person shall have provided security for such undertaking, (ii) the Trust shall be insured against losses arising by reason of any lawful advances, or (iii) a majority of a quorum of the disinterested Trustees who are not a party to the proceeding, or an independent legal counsel in a written opinion, shall have determined, based on a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the Covered Party ultimately will be found entitled to indemnification.

Section 6.5 Compromise Payment. As to any matter disposed of by a compromise payment by any such Covered Person referred to in Section 6.4, pursuant to a consent decree or otherwise, no such indemnification either for said payment or for any other expenses shall be provided unless such

indemnification shall be approved (a) by a majority of the disinterested Trustees who are not a party to the proceeding or (b) by an independent legal counsel in a written opinion. Approval by the Trustees pursuant to clause (a) or by independent legal counsel pursuant to clause (b) shall not prevent the recovery from any Covered Person of any amount paid to such Covered Person in accordance with any of such clauses as indemnification if such Covered Person is subsequently adjudicated by a court of competent jurisdiction not to have acted in good faith in the reasonable belief that such Covered Person's action was in or not opposed to the best interests of the Trust or to have been liable to the Trust or its Shareholders by reason of wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such Covered Person's office.

Section 6.6 Indemnification Not Exclusive, etc. The right of indemnification provided by this

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Article 6 shall not be exclusive of or affect any other rights to which any such Covered Person may be entitled. As used in this Article 6, "Covered Person" shall include such person's heirs, executors and administrators, an "interested Covered Person" is one against whom the action, suit or other proceeding in question or another action, suit or other proceeding on the same or similar grounds is then or has been pending or threatened, and a "disinterested" person is a person against whom none of such actions, suits or other proceedings or another action, suit or other proceeding on the same or similar grounds is then or has been pending or threatened. Nothing contained in this article shall affect any rights to indemnification to which personnel of the Trust, other than Trustees and officers, and other persons may be entitled by contract or otherwise under law, nor the power of the Trust to purchase and maintain liability insurance on behalf of any such person.

Section 6.7 Liability of Third Persons Dealing with Trustees. No person dealing with the Trustees shall be bound to make any inquiry concerning the validity of any transaction made or to be made by the Trustees or to see to the application of any payments made or property transferred to the Trust or upon its order.

ARTICLE 7

MISCELLANEOUS

Section 7.1 Duration and Termination of Trust. Unless terminated as provided herein, the Trust shall continue without limitation of time and, without limiting the generality of the foregoing, no change, alteration or modification with respect to any Series or Class shall operate to terminate the Trust. The Trust may be terminated at any time by a majority of the Trustees then in office subject to a favorable vote of a majority of the outstanding voting securities, as defined in the 1940 Act, Shares of each Series or Class voting separately by Series or Class.

Upon termination, after paying or otherwise providing for all charges,

taxes, expenses and liabilities, whether due or accrued or anticipated as may be determined by the Trustees, the Trust shall in accordance with such procedures as the Trustees consider appropriate reduce the remaining assets to distributable form in cash, securities or other property, or any combination thereof, and distribute the proceeds to the Shareholders, in conformity with the provisions of subsection (d) of Section 4.3.

Section 7.2 Reorganization. The Trustees may sell, convey, merge and transfer the assets of the Trust, or the assets belonging to any one or more Series or Classes, to another trust, partnership, association or corporation organized under the laws of any state of the United States, or to the Trust to be held as assets belonging to another Series or Class of the Trust, in exchange for cash, shares or other securities (including, in the case of a transfer to another Series or Class of the Trust, Shares of such other Series or Class) with such transfer either (1) being made subject to, or with the assumption by the transferee of, the liabilities belonging to each Series or Class the assets of which are so transferred, or (2) not being made subject to, or not with the assumption of, such liabilities; provided, however, that no assets belonging to any particular Series or Class shall be so transferred unless the terms of such transfer shall have first been approved at a meeting called for the purpose by the affirmative vote of the holders of a majority of the outstanding voting Shares, as defined in the 1940 Act, of that Series or Class. Following

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such transfer, the Trustees shall distribute such cash, shares or other securities (giving due effect to the assets and liabilities belonging to and any other differences among the various Series or Classes the assets belonging to which have been so transferred) among the Shareholders of the Series or Class the assets belonging to which have been so transferred; and if all of the assets of the Trust have been so transferred, the Trust shall be terminated.

The Trust, or any one or more Series or Classes, may either as the successor, survivor, or non-survivor, (1) consolidate with one or more other trusts, partnerships, associations or corporations organized under the laws of the Commonwealth of Massachusetts or any other state of the United States, to form a new consolidated trust, partnership, association or corporation under the laws of which any one of the constituent entities is organized, or (2) merge into one or more other trusts, partnerships, associations or corporations organized under the laws of the Commonwealth of Massachusetts or any other state of the United States, or have one or more such trusts, partnerships, associations or corporations merge into it, any such consolidation or merger to be upon such terms and conditions as are specified in an agreement and plan of reorganization entered into by the Trust, or one or more Series or Classes as the case may be, in connection therewith. The terms "merge" or "merger" as used herein shall also include the purchase or acquisition of any assets of any other trust, partnership, association or corporation which is an investment company organized under the laws of the Commonwealth of Massachusetts or any other state of the United States. Any such consolidation or merger shall require the affirmative vote of the holders of a majority of the outstanding voting Shares, as defined in the 1940 Act, of each Sub-Trust affected thereby.

Section 7.3 Amendments. All rights granted to the Shareholders under this Declaration of Trust are granted subject to the reservation of the right to amend this Declaration of Trust as herein provided, except that no amendment shall repeal the limitations on personal liability of any Shareholder or Trustee or repeal the prohibition of assessment upon the Shareholders without the express consent of each Shareholder or Trustee involved. Subject to the foregoing, the provisions of this Declaration of Trust (whether or not related to the rights of Shareholders) may be amended at any time, so long as such amendment does not adversely affect the rights of any Shareholder with respect to which such amendment is or purports to be applicable and so long as such amendment is not in contravention of applicable law, including the 1940 Act, by an instrument in writing signed by a majority of the then Trustees (or by an officer of the Trust pursuant to the vote of a majority of such Trustees). Any amendment to this Declaration of Trust that adversely affects the rights of Shareholders may be adopted at any time by an instrument in writing signed by a majority of the then Trustees (or by an officer of the Trust pursuant to the vote of a majority of such Trustees) when authorized to do so by the vote in accordance with subsection (e) of Section 4.3 of Shareholders holding a majority of the Shares entitled to vote. Subject to the foregoing, any such amendment shall be effective as provided in the instrument containing the terms of such amendment or, if there is no provision therein with respect to effectiveness upon the execution of such instrument and of a certificate (which may be a part of such instrument) executed by a Trustee or officer of the Trust to the effect that such amendment has been duly adopted.

Section 7.4 Filing of Copies; References; Headings. The original or a copy of this instrument and of each restated declaration of trust or amendment hereto shall be kept at the office of the Trust where it may be inspected by any Shareholder. A copy of this instrument and of each restated declaration of trust or amendment or hereto shall be filed with the Secretary of the Commonwealth of Massachusetts and with

any other governmental office where such filing may from time to time be required, but the failure to make any such filing shall not impair the effectiveness of this instrument or any such restatement or amendment. Anyone dealing with the Trust may rely on a certificate by an officer of the Trust as to whether or not any such restatements or amendments have been made, as to the identities of the Trustees and officers, and as to any matters in connection with the Trust hereunder; and, with the same effect as if it were the original, may rely on a copy certified by an officer of the Trust to be a copy of this instrument or of any such restatements or amendments. In this instrument and in any such restatement or amendment, references to this instrument, and all expressions like "herein", "hereof" and "hereunder" shall be deemed to refer to this instrument as a whole as the same may be amended or affected by any such restatements or amendments. The masculine gender shall include the feminine and neuter genders. Headings are placed herein for convenience of reference only and shall not be taken as a part hereof or control of affect the meaning, construction or effect of this instrument. This instrument may be executed in any number of counterparts each of which shall be deemed an original.

Section 7.5 Applicable Law. This Agreement and Declaration of Trust is created under and is to be governed by and construed and administered according to the laws of the Commonwealth of Massachusetts, including the Massachusetts Business Corporation Law as the same may be amended from time to time, to which reference is made with the intention that matters not specifically covered herein or as to which an ambiguity may exist shall be resolved as if the Trust were a business corporation organized in Massachusetts, but the reference to said Business Corporation Law is not intended to give the Trust, the Trustee, the Shareholders or any other person any right, power, authority or responsibility available only to or in connection with an entity organized in corporate form. The Trust shall be of the type referred to in Section 1 of Chapter 182 of the Massachusetts General Laws and of a type commonly called a Massachusetts business trust, and without limiting the provisions hereof, the Trust may exercise all powers which are ordinarily exercised by such a Trust.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals for themselves and their assigns, as of the day and year first above written.

/s/Robert E. Brown

ROBERT E. BROWN

/s/Ronald H. Fielding

RONALD H. FIELDING

/s/Elton J. Burgett

ELTON J. BURGETT

/s/Marvin J. Hoffman

MARVIN J. HOFFMAN, M.D.

/s/Joseph A. Burnett

JOSEPH A BURNETT

/s/Michael S. Rosen

MICHAEL S. ROSEN

/s/John Cannon

JOHN CANNON

/s/Eric W. Zaenglein

ERIC W. ZAENGLEIN

/s/Angelo Costanza

ANGELO COSTANZA

AMENDMENT TO THE AGREEMENT AND DECLARATION OF TRUST

This amendment to the Amended and Restated Agreement and Declaration of Trust of Rochester Fund Municipals (the "Restated Declaration of Trust") executed this 1st day of November, 1995.

WHEREAS, the Trustees established Rochester Fund Municipals (the "Trust"), a

business trust under the laws of the Commonwealth of Massachusetts, for the investment and reinvestment of funds contributed thereto, under an Agreement and Declaration of Trust dated February 15, 1991 and filed with the Commonwealth of Massachusetts on May 21, 1991; and

WHEREAS, the Restated Declaration of Trust dated January 26, 1995 was filed by the Trust with the Commonwealth of Massachusetts on February 8, 1995; and

WHEREAS, Section 7.3 of the Restated Declaration of Trust requires that amendments thereto be by an instrument in writing signed by an officer of the Trust pursuant to a majority vote of the Trustees and filed with the Commonwealth of Massachusetts; and

WHEREAS, the Trustees now desire to amend the Restated Declaration of Trust and such amendments and filing thereof have been approved by the unanimous written consent of the Trustees.

NOW, THEREFORE,

1. The Restated Declaration of Trust is hereby amended to revise Section 5.1 entitled "Voting Powers"

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and Section 5.3 entitled "Record Date".

2. Section 5.1 shall read in its entirety as follows:

Section 5.1 Voting Powers. The Shareholders shall have power to vote only (i) for the election or removal of Trustees as provided in Section 3.1, (ii) with respect to any contract with a Contracting Party as provided in Section 3.3 as to which Shareholder approval is required by the 1940 Act, (iii) with respect to any termination or reorganization of the Trust or any Series to the extent and as provided in Sections 7.1 and 7.2, (iv) with respect to any amendment of this Declaration of Trust, to the extent and as provided in Section 7.3, (v) to the same extent as the stockholders of a Massachusetts business corporation as to whether or not a court action, proceeding or claim would or should not be brought or maintained derivatively as a class action on behalf of the Trust or any Series or Class thereof or the Shareholders (provided, however, that a shareholder of a particular Series or Class shall not be entitled to initiate a derivative or class action on behalf of any other Series or Class (or shareholder of any other Series or Class) of the Trust) and (vi) with respect to such additional matters relating to the Trust as may be required by the 1940 Act, this Declaration of Trust, the By-Laws or any registration of the Trust with the Commission (or successor agency) or any state, or as the Trustees may consider necessary or desirable. There shall be no cumulative voting on the election of Trustees. Shares may be voted in person or by proxy. Proxy votes may be recorded by telephone in accordance with such procedures as may be established by the Trustees from time to time. A shareholder may designate by telephone a person as his or her attorney-in-fact to vote his or her proxy in written form. A proxy with respect to

shares held in the name of two or more persons shall be valid if executed by any one of them unless at or prior to exercise of the proxy the Trust receives specific written notice to the contrary from any one of them. A proxy purporting to be executed by or on behalf of a Shareholder shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger. Until shares are issued, the Trustees may exercise all rights of Shareholders and may take any action required by law, this Declaration of Trust or the By-Laws to be taken by the Shareholders.

3. Section 5.3 shall read in its entirety as follows:

Section 5.3 Record Dates. For the purpose of determining the Shareholders who are entitled to vote or act at any meeting or any adjournment thereof, or who are entitled to participate in any dividend or distribution, or for the purpose of any other action, the Trustees may from time to time close the transfer books for such period, not exceeding 30 days (except at or in connection with the termination of the Trust), as the Trustees may determine; or without closing the transfer books the Trustees may fix a date and time not more than 60 days prior to the date of any meeting of Shareholders or other action as the date and time of record for the determination of Shareholders entitled to vote at such

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meeting or any adjournment thereof, whether or not the date to which a meeting is adjourned is a date in excess of 60 days of the Record Date, or to be treated as Shareholders of record for purposes of such other action, and any Shareholder who was a Shareholder at the date and time so fixed shall be entitled to vote at such meeting or any adjournment thereof or to be treated as a Shareholder of record for purposes of such other action, even though he has since that date and time disposed of his Shares, and no Shareholder becoming such after that date and time shall be so entitled to vote as such meeting or any adjournment thereof or to be treated as a Shareholder of record for purposes of such other action.

4. These revisions to the Restated Declaration of Trust shall be effective upon filing of this amendment with the Secretary of State of the Commonwealth of Massachusetts.

5. All other terms and conditions of the Restated Declaration of Trust shall remain the same.

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be executed on the day and year first set forth above.

ROCHESTER FUND MUNICIPALS

/s/ Ronald H. Fielding

EXHIBIT 5

INVESTMENT ADVISORY AGREEMENT

AGREEMENT, made the 4th day of January, 1996, by and between ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (hereinafter referred to as the "Fund"), and OPPENHEIMER MANAGEMENT CORPORATION (hereinafter referred to as "OMC").

WHEREAS, the Fund is an open-end, non-diversified management investment company registered as such with the Securities and Exchange Commission (the "Commission") pursuant to the Investment Company Act of 1940 (the "Investment Company Act"), and OMC is an investment adviser registered as such with the Commission under the Investment Advisers Act of 1940;

WHEREAS, the Fund has Shares of beneficial interest to be issued by the Fund ("Shares") pursuant to the Fund's registration statement;

WHEREAS, the Fund desires that OMC shall act as its investment adviser pursuant to this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, it is agreed by and between the parties, as follows:

1. GENERAL PROVISIONS:

The Fund hereby employs OMC and OMC hereby undertakes to act as the investment adviser of the Fund in connection with, and for the benefit of, the Fund and to perform for the Fund such other duties and functions in connection with the Fund for the period and on such terms as set forth in this Agreement. OMC shall, in all matters, give to the Fund and its Board of Trustees (the "Trustees") the benefit of its best judgment, effort, advice and recommendations and

shall, at all times conform to, and use its best efforts to enable the Fund to conform to (i) the provisions of the Investment Fund Act and any rules or regulations thereunder; (ii) any other applicable provisions of state or Federal law; (iii) the provisions of the Declaration of Trust and By-Laws of the Fund as amended from time to time; (iv) policies and determinations of the Trustees; (v) the fundamental policies and investment restrictions of the Fund as reflected in the registration statement of the Fund under the Investment Company Act or as

such policies may, from time to time, be amended and (vi) the Prospectus and Statement of Additional Information of the Fund in effect from time to time. The appropriate officers and employees of OMC shall be available upon reasonable notice for consultation with any of the Trustees and officers of the Fund with respect to any matters dealing with the business and affairs of the Fund including the valuation of portfolio securities of the Fund which are either not registered for public sale or not traded on any securities market.

2. INVESTMENT MANAGEMENT:

(a) OMC shall, subject to the direction and control by the Trustees, (i) regularly provide investment advise and recommendations to the Fund with respect to the investments, investment policies and the purchase and sale of securities and other investments for the Fund; (ii) supervise continuously the investment program of the Fund and the composition of its portfolio and determine what securities shall be purchased or sold by the Fund; and (iii) arrange, subject to the provisions of paragraph 7 hereof, for the purchase of securities and other investments for the Fund and the sale of securities and other investments held in the portfolio of the Fund.

(b) Provided that the Fund shall not be required to pay any compensation for services under this Agreement other than as provided by the terms of the Agreement and subject to the provisions of paragraph 7 hereof, OMC may obtain investment information, research or

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assistance from any other person, firm or corporation to supplement, update or otherwise improve its investment management services including entering into sub-advisory agreements with other affiliated or unaffiliated registered investment advisors to obtain specialized services.

(c) Provided that nothing herein shall be deemed to protect OMC from willful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under this Agreement, OMC shall not be liable for any loss sustained by reason of good faith errors or omissions in connection with any matters to which this Agreement relates.

(d) Nothing in this Agreement shall prevent OMC or any entity controlling, controlled by or under common control with OMC or any officer thereof from acting as investment adviser for any other person, firm or corporation or in any way limit or restrict OMC or any of its directors, officers, stockholders or employees from buying, selling or trading any securities or other investments for its or their own account or for the account of others for whom it or they may be acting, provided that such activities will not adversely affect or otherwise impair the performance by OMC of its duties and obligations under this

Agreement.

3. OTHER DUTIES OF OMC:

OMC shall, at its own expense, provide and supervise the activities of all administrative and clerical personnel as shall be required to provide effective corporate administration for the Fund, including the compilation and maintenance of such records with respect to its operations as may reasonably be required; the preparation and filing of such reports with respect thereto as shall be required by the Commission; composition of periodic reports with respect to operations of the Fund for its shareholders; composition of proxy materials for meetings of the Fund's shareholders; and the composition of such registration statements as may be

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required by Federal and state securities laws for continuous public sale of Shares of the Fund. OMC shall, at its own cost and expense, also provide the Fund with adequate office space, facilities and equipment. OMC shall, at its own expenses, provide such officers for the Fund as the Board of Trustees may request.

4. ALLOCATION OF EXPENSES:

All other costs and expenses of the Fund not expressly assumed by OMC under this Agreement, or to be paid by the Distributor of the Shares of the Fund, shall be paid by the Fund, including, but not limited to: (i) interest, taxes and governmental fees; (ii) brokerage commissions and other expenses incurred in acquiring or disposing of the portfolio securities and other investments of the Fund; (iii) insurance premiums for fidelity and other coverage requisite to its operations; (iv) compensation and expenses of its Trustees other than those affiliated with OMC; (v) legal and audit expenses; (vi) custodian and transfer agent fees and expenses; (vii) expenses incident to the redemption of its Shares; (viii) expenses incident to the issuance of its Shares against payment therefor by or on behalf of the subscribers thereto; (ix) fees and expenses, other than as hereinabove provided, incident to the registration under Federal and state securities laws of Shares of the Fund for public sale; (x) expenses of printing and mailing reports, notices and proxy materials to shareholders of the Fund; (xi) except as noted above, all other expenses incidental to holding meetings of the Fund's shareholders; and (xii) such extraordinary non-recurring expenses as may arise, including litigation, affecting the Fund and any legal obligation which the Fund may have to indemnify its officers and Trustees with respect thereto. Any officers or employees of OMC (or any entity controlling, controlled by, or under common control with OMC) who also serve as officers, Trustees or employees of the Fund shall not receive any compensation

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from the Fund thereof for their services.

5. COMPENSATION OF OMC:

The Fund agrees to pay OMC and OMC agrees to accept as full compensation for the performance of all functions and duties on its part to be performed pursuant to the provisions hereof, a fee computed on the total net asset value of the Fund as of the close of each business day and payable monthly at the annual rate for each Series set forth on Schedule A hereto.

6. USE OF NAME "OPPENHEIMER" OR "ROCHESTER":

OMC hereby grants to the Fund a royalty-free, non-exclusive license to use the name "Oppenheimer" or "Rochester" in the name of the Fund for the duration of this Agreement and any extensions or renewals thereof. To the extent necessary to protect OMC's rights to the name "Oppenheimer" or "Rochester" under applicable law, such license shall allow OMC to inspect and, subject to control by the Fund's Board, control the nature and quality of services offered by the Fund under such name and may, upon termination of this Agreement, be terminated by OMC, in which event the Fund shall promptly take whatever action may be necessary to change its name and discontinue any further use of the name "Oppenheimer" or "Rochester" in the name of the Fund or otherwise. The name "Oppenheimer" and "Rochester" may be used or licensed by OMC in connection with any of its activities, or licensed by OMC to any other party.

7. PORTFOLIO TRANSACTIONS AND BROKERAGE:

(a) OMC (and any Sub Advisor) is authorized, in arranging the purchase and sale of the portfolio securities and other investments of the Fund to employ or deal with such members of securities or commodities exchanges, brokers or dealers (hereinafter "broker-dealers"), including "affiliated" broker-dealers (as that term is defined in the Investment Company Act), as may, in its best judgment, implement the policy of the Fund to obtain, at reasonable expense, the "best

execution" (prompt and reliable execution at the most favorable security price obtainable) of the portfolio transactions of the Fund as well as to obtain, consistent with the provisions of subparagraph (c) of this paragraph 7, the benefit of such investment information or research as will be of significant assistance to the performance by OMC (and any Sub Advisor) of its (their) investment management functions.

(b) OMC (and any Sub Advisor) shall select broker-dealers to effect the portfolio transactions of the Fund on the basis of its estimate of their ability to obtain best execution of particular and related portfolio transactions. The abilities of a broker-dealer to obtain best execution of particular portfolio transaction(s) will be judged by OMC (or any Sub Advisor) on the basis of all relevant factors and considerations including, insofar as feasible, the execution capabilities required by the transaction or transactions; the ability and willingness of the broker-dealer to facilitate the portfolio transactions of the Fund by participating therein for its own account; the importance to the Fund of speed, efficiency or confidentiality; the broker-dealer's apparent familiarity with sources from or to whom particular securities or other investments might be purchased or sold; as well as any other matters relevant to the selection of a broker-dealer for particular and related transactions of the Fund.

(c) OMC (and any Sub Advisor) shall have discretion, in the interests of the Fund, to allocate brokerage on the portfolio transactions of the Fund to broker-dealers, other than an affiliated broker-dealer, qualified to obtain best execution of such transactions who provide brokerage and/or research services (as such services are defined in Section 28(e)(3) of the Securities Exchange Act of 1934) for the Fund and/or other accounts for which OMC or its affiliates (or any Sub Advisor) exercise "investment discretion" (as that term is defined in Section 3(a)(35) of the Securities Exchange Act of 1934) and to cause the Fund to pay such broker-dealers a

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commission for effecting a portfolio transaction for the Fund that is in excess of the amount of commission another broker-dealer adequately qualified to effect such transaction would have charged for effecting that transaction, if OMC (or any Sub Advisor) determines, in good faith, that such commission is reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer viewed in terms of either that particular transaction or the overall responsibilities of OMC or its affiliates (or any Sub Advisor) with respect to accounts as to which they exercise investment discretion. In reaching such determination, OMC (or any Sub Advisor) will not be required to place or attempt to place a specific dollar value on the brokerage and/or research services provided or being provided by such broker-dealer. In demonstrating that such determinations were made in good faith, OMC (and any Sub Advisor) shall be prepared to show that all commissions were allocated for purposes contemplated by this Agreement and that the total commissions paid by the Fund over a representative period selected by the Fund's Trustees were reasonable in relation to the benefits to the Fund.

(d) OMC (or any Sub Advisor) shall have no duty or obligation to seek advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transactions or to select any broker-dealer on the

basis of its purported or "posted" commission rate but will, to the best of its ability, endeavor to be aware of the current level of the charges of eligible broker-dealers and to minimize the expense incurred by the Fund for effecting its portfolio transactions to the extent consistent with the interests and policies of the Fund as established by the determinations of the Board of Trustees of the Fund and the provisions of this paragraph 7.

(e) The Fund recognizes that an affiliated broker-dealer: (i) may act as one of the Fund's regular brokers for the Fund so long as it is lawful for it so to act; (ii) may be a major recipient of brokerage commissions paid by the Fund; and (iii) may effect portfolio transactions for

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the Fund only if the commissions, fees or other remuneration received or to be received by it are determined in accordance with procedures contemplated by any rule, regulation or order adopted under the Investment Company Act to be within the permissible level of such commissions.

(f) Subject to the foregoing provisions of this paragraph 7, OMC (and any Sub Advisor) may also consider sales of Shares of the Fund and the other funds advised by OMC and its affiliates as a factor in the selection of broker-dealers for its portfolio transactions.

8. DURATION:

This Agreement will take effect on the date first set forth above. Unless earlier terminated pursuant to paragraph 10 hereof, this Agreement shall remain in effect for a period of two (2) years and thereafter from year to year, so long as such continuance shall be approved at least annually by the Fund's Board of Trustees, including the vote of the majority of the Trustees of the Fund who are not parties to this Agreement or "interested persons" (as defined in the Investment Fund Act) of any such party, cast in person at a meeting called for the purpose of voting on such approval, or by the holders of a "majority" (as defined in the Investment Fund Act) of the outstanding voting securities of the Fund and by such a vote of the Fund's Board of Trustees.

9. DISCLAIMER OF SHAREHOLDER OR TRUSTEE LIABILITY:

OMC understands and agrees that the obligations of the Fund under this Agreement are not binding upon any shareholder or Trustee of the Fund personally, but bind only the Fund and the Fund's property; OMC represents that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming shareholder or Trustee liability for acts or obligations of the Fund.

10. TERMINATION:

This Agreement may be terminated (i) by OMC at any time without penalty upon sixty days' written notice to the Fund (which notice may be waived by the Fund); or (ii) by the Fund

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at any time without penalty upon sixty days' written notice to OMC (which notice may be waived by OMC) provided that such termination by the Fund shall be directed or approved by the vote of a majority of all of the Trustees of the Fund then in office or by the vote of the holders of a "majority" of the outstanding voting securities of the Fund (as defined in the Investment Company Act).

11. ASSIGNMENT OR AMENDMENT:

This Agreement may not be amended, or the rights of OMC hereunder sold, transferred, pledged or otherwise in any manner encumbered without the affirmative vote or written consent of the holders of the "majority" of the outstanding voting securities of the Fund. This Agreement shall automatically and immediately terminate in the event of its "assignment," as defined in the Investment Company Act.

12. DEFINITIONS:

The terms and provisions of the Agreement shall be interpreted and defined in a manner consistent with the provisions and definitions contained in the Investment Company Act.

13. ACCOUNTING, ADMINISTRATION AND RECORDKEEPING AGREEMENT:

Notwithstanding any provision of this Agreement to the contrary, OMC is not required under this Agreement to perform for the Fund any duties or functions set forth in the Accounting, Administration and Recordkeeping Agreement between the Fund and OMC.

ROCHESTER FUND MUNICIPALS

/s/ RONALD H. FIELDING

Title: Vice President

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OPPENHEIMER MANAGEMENT
CORPORATION

By: /s/ ANDREW J. DONOHUE

Andrew J. Donohue
Executive Vice President

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SCHEDULE A
TO
INVESTMENT ADVISORY AGREEMENT
BETWEEN
ROCHESTER FUND MUNICIPALS
AND
OPPENHEIMER MANAGEMENT CORPORATION

ANNUAL FEE AS A PERCENTAGE OF DAILY TOTAL NET ASSETS
=====

0.54% of the first \$100 million of average daily net assets

0.52% of the next \$150 million of average daily net assets

0.47% of the next \$1,750 million of average daily net assets

0.46% of the next \$3 billion of average daily net assets

0.45% of average daily net assets over \$5 billion

rochester\madvisor

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EXHIBIT 6(a)

GENERAL DISTRIBUTOR'S AGREEMENT

BETWEEN

ROCHESTER FUND MUNICIPALS

AND

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

Date: January 4, 1996

OPPENHEIMER FUNDS DISTRIBUTOR, INC.
Two World Trade Center, Suite 3400
New York, NY 10048-0203

Dear Sirs:

ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), is registered as an investment company under the Investment Company Act of 1940 (the "1940 Act"), and an indefinite number of one or more classes of its shares of beneficial interest ("Shares") have been registered under the Securities Act of 1933 (the "1933 Act") to be offered for sale to the public in a continuous public offering in accordance with the terms and conditions set forth in the Prospectus and Statement of Additional Information ("SAI") included in the Fund's Registration Statement as it may be amended from time to time (the "current Prospectus and/or SAI").

In this connection, the Fund desires that your firm (the "General Distributor") act in a principal capacity as General Distributor for the sale and distribution of Shares which have been registered as described above and of any additional Shares which may become registered during the term of this Agreement. You have advised the Fund that you are willing to act as such General Distributor, and it is accordingly agreed by and between us as follows:

1. APPOINTMENT OF THE DISTRIBUTOR. The Fund hereby appoints you as the sole General Distributor, pursuant to the aforesaid continuous public offering of its Shares, and the Fund further agrees from and after the date of this Agreement, that it will not, without your consent, sell or agree to sell any Shares otherwise than through you, except (a) the Fund may itself sell Shares without sales charge as an investment to the officers, trustees or directors and bona fide present and former full-time employees of the Fund, the Fund's Investment Adviser and affiliates thereof, and to other investors who are identified in the current Prospectus and/or SAI as having the privilege to buy Shares at net asset value; (b) the Fund may issue Shares in connection with a merger, consolidation

or acquisition of assets on such basis as may be authorized or permitted under the 1940 Act; (c) the Fund may issue Shares for the reinvestment of dividends and other distributions

of the Fund or of any other Fund if permitted by the current Prospectus and/or SAI; and (d) the Fund may issue Shares as underlying securities of a unit investment trust if such unit investment trust has elected to use Shares as an underlying investment; provided that in no event as to any of the foregoing exceptions shall Shares be issued and sold at less than the then-existing net asset value.

2. SALE OF SHARES. You hereby accept such appointment and agree to use your best efforts to sell Shares, provided, however, that when requested by the Fund at any time because of market or other economic considerations or abnormal circumstances of any kind, or when agreed to by mutual consent of the Fund and the General Distributor, you will suspend such efforts. The Fund may also withdraw the offering of Shares at any time when required by the provisions of any statute, order, rule or regulation of any governmental body having jurisdiction. It is understood that you do not undertake to sell all or any specific number of Shares.

3. SALES CHARGE. Shares shall be sold by you at net asset value plus a front-end sales charge not in excess of 8.5% of the offering price, but which front-end sales charge shall be proportionately reduced or eliminated for larger sales and under other circumstances, in each case on the basis set forth in the Fund's current Prospectus and/or SAI. The redemption proceeds of shares offered and sold at net asset value with or without a front-end sales charge may be subject to a contingent deferred sales charge ("CDSC") under the circumstances described in the current Prospectus and/or SAI. You may reallow such portion of the front-end sales charge to dealers or cause payment (which may exceed the front-end sales charge, if any) of commissions to brokers through which sales are made, as you may determine, and you may pay such amounts to dealers and brokers on sales of shares from your own resources (such dealers and brokers shall collectively include all domestic or foreign institutions eligible to offer and sell the Shares), and in the event the Fund has more than one class of Shares outstanding, then you may impose a front-end sales charge and/or a CDSC on Shares of one class that is different from the charges imposed on Shares of the Fund's other class(es), in each case as set forth in the current Prospectus and/or SAI, provided the front-end sales charge and CDSC to the ultimate purchaser do not exceed the respective levels set forth for such category of purchaser in the Fund's current Prospectus and/or SAI.

4. PURCHASE OF SHARES.

- (a) As General Distributor, you shall have the right to accept or reject orders for the purchase of Shares at your discretion. Any

consideration which you may receive in connection with a rejected purchase order will be returned promptly.

- (b) You agree promptly to issue or to cause the duly appointed transfer or shareholder servicing agent of the Fund to issue as your agent confirmations of all accepted purchase orders and to transmit a copy of such confirmations to the Fund. The net asset value of all Shares which are the subject of such confirmations, computed in accordance with the applicable rules under the 1940 Act, shall be a liability of the General Distributor to the

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Fund to be paid promptly after receipt of payment from the originating dealer or broker (or investor, in the case of direct purchases) and not later than eleven business days after such confirmation even if you have not actually received payment from the originating dealer or broker or investor. In no event shall the General Distributor make payment to the Fund later than permitted by applicable rules of the National Association of Securities Dealers, Inc.

- (c) If the originating dealer or broker shall fail to make timely settlement of its purchase order in accordance with applicable rules of the National Association of Securities Dealers, Inc., or if a direct purchaser shall fail to make good payment for shares in a timely manner, you shall have the right to cancel such purchase order and, at your account and risk, to hold responsible the originating dealer or broker, or investor. You agree promptly to reimburse the Fund for losses suffered by it that are attributable to any such cancellation, or to errors on your part in relation to the effective date of accepted purchase orders, limited to the amount that such losses exceed contemporaneous gains realized by the Fund for either of such reasons with respect to other purchase orders.
- (d) In the case of a canceled purchase for the account of a directly purchasing shareholder, the Fund agrees that if such investor fails to make you whole for any loss you pay to the Fund on such canceled purchase order, the Fund will reimburse you for such loss to the extent of the aggregate redemption proceeds of any other shares of the Fund owned by such investor, on your demand that the Fund exercise its right to claim such redemption proceeds. The Fund shall register or cause to be registered all Shares sold to you pursuant to the provisions hereof in such names and amounts as you may request from time to time and the Fund shall issue or cause to be issued certificates evidencing

such Shares for delivery to you or pursuant to your direction if and to the extent that the shareholder account in question contemplates the issuance of such certificates. All Shares when so issued and paid for, shall be fully paid and non-assessable by the Fund (which shall not prevent the imposition of any CDSC that may apply) to the extent set forth in the current Prospectus and/or SAI.

5. REPURCHASE OF SHARES.

- (a) In connection with the repurchase of Shares, you are appointed and shall act as Agent of the Fund. You are authorized, for so long as you act as General Distributor of the Fund, to repurchase, from authorized dealers, certificated or uncertificated shares of the Fund ("Shares") on the basis of orders received from each dealer ("authorized dealer") with which you have a dealer agreement for the sale of Shares and permitting resales of Shares to you, provided that such authorized dealer, at the time of placing such

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resale order, shall represent (i) if such Shares are represented by certificate(s), that certificate(s) for the Shares to be repurchased have been delivered to it by the registered owner with a request for the redemption of such Shares executed in the manner and with the signature guarantee required by the then-currently effective Prospectus of the Fund, or (ii) if such Shares are uncertificated, that the registered owner(s) has delivered to the dealer a request for the redemption of such Shares executed in the manner and with the signature guarantee required by the then-currently effective Prospectus of the Fund.

- (b) You shall (a) have the right in your discretion to accept or reject orders for the repurchase of Shares; (b) promptly transmit confirmations of all accepted repurchase orders; and (c) transmit a copy of such confirmation to the Fund, or, if so directed, to any duly appointed transfer or shareholder servicing agent of the Fund. In your discretion, you may accept repurchase requests made by a financially responsible dealer which provides you with indemnification in form satisfactory to you in consideration of your acceptance of such dealer's request in lieu of the written redemption request of the owner of the account; you agree that the Fund shall be a third party beneficiary of such indemnification.
- (c) Upon receipt by the Fund or its duly appointed transfer or

shareholder servicing agent of any certificate(s) (if any has been issued) for repurchased Shares and a written redemption request of the registered owner(s) of such Shares executed in the manner and bearing the signature guarantee required by the then-currently effective Prospectus or SAI of the Fund, the Fund will pay or cause its duly appointed transfer or shareholder servicing agent promptly to pay to the originating authorized dealer the redemption price of the repurchased Shares (other than repurchased Shares subject to the provisions of part (d) of Section 5 of this Agreement) next determined after your receipt of the dealer's repurchase order.

- (d) Notwithstanding the provisions of part (c) of Section 5 of this Agreement, repurchase orders received from an authorized dealer after the determination of the Fund's redemption price on a regular business day will receive that day's redemption price if the request to the dealer by its customer to arrange such repurchase prior to the determination of the Fund's redemption price that day complies with the requirements governing such requests as stated in the current Prospectus and/or SAI of the Fund.
- (e) You will make every reasonable effort and take all reasonably available measures to assure the accurate performance of all services to be performed by you hereunder within the requirements of any statute, rule or regulation pertaining to the redemption of shares of a regulated investment company and any requirements set forth in the then-current Prospectus

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and/or SAI of the Fund. You shall correct any error or omission made by you in the performance of your duties hereunder of which you shall have received notice in writing and any necessary substantiating data; and you shall hold the Fund harmless from the effect of any errors or omissions which might cause an over- or under-redemption of the Fund's Shares and/or an excess or non-payment of dividends, capital gains distributions, or other distributions.

- (f) In the event an authorized dealer initiating a repurchase order shall fail to make delivery or otherwise settle such order in accordance with the rules of the National Association of Securities Dealers, Inc., you shall have the right to cancel such repurchase order and, at your account and risk, to hold responsible the originating dealer. In the event that any cancellation of a Share repurchase order or any error in the

timing of the acceptance of a Share repurchase order shall result in a gain or loss to the Fund, you agree promptly to reimburse the Fund for any amount by which any loss shall exceed then-existing gains so arising.

6. 1933 ACT REGISTRATION. The Fund has delivered to you a copy of its current Prospectus and SAI. The Fund agrees that it will use its best efforts to continue the effectiveness of the Registration Statement under the 1933 Act. The Fund further agrees to prepare and file any amendments to its Registration Statement as may be necessary and any supplemental data in order to comply with the 1933 Act. The Fund will furnish you at your expense with a reasonable number of copies of the Prospectus and SAI and any amendments thereto for use in connection with the sale of Shares.

7. 1940 ACT REGISTRATION. The Fund has already registered under the 1940 Act as an investment company, and it will use its best efforts to maintain such registration and to comply with the requirements of the 1940 Act.

8. STATE BLUE SKY QUALIFICATION. At your request, the Fund will take such steps and pay such fees and expenses as may be necessary and feasible to qualify Shares for sale in states, territories or dependencies of the United States, the District of Columbia, the Commonwealth of Puerto Rico and in foreign countries, in accordance with the laws thereof, and to renew or extend any such qualification; provided, however, that the Fund shall not be required to qualify shares or to maintain the qualification of shares in any jurisdiction where it shall deem such qualification disadvantageous to the Fund.

9. DUTIES OF DISTRIBUTOR. YOU AGREE THAT:

(a) Neither you nor any of your officers will take any long or short position in the Shares, but this provision shall not prevent you or your officers from acquiring Shares for investment purposes only; and

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(b) You shall furnish to the Fund any pertinent information required to be inserted with respect to you as General Distributor within the purview of the Securities Act of 1933 in any reports or registrations required to be filed with any governmental authority; and

(c) You will not make any representations inconsistent with the information contained in the current Prospectus and/or SAI; and

(d) You shall maintain such records as may be reasonably required for the Fund or its transfer or shareholder servicing agent to

respond to shareholder requests or complaints, and to permit the Fund to maintain proper accounting records, and you shall make such records available to the Fund and its transfer agent or shareholder servicing agent upon request; and

- (e) In performing under this Agreement, you shall comply with all requirements of the Fund's current Prospectus and/or SAI and all applicable laws, rules and regulations with respect to the purchase, sale and distribution of Shares.

10. ALLOCATION OF COSTS. The Fund shall pay the cost of composition and printing of sufficient copies of its Prospectus and SAI as shall be required for periodic distribution to its shareholders and the expense of registering Shares for sale under federal securities laws. You shall pay the expenses normally attributable to the sale of Shares, other than as paid under the Fund's distribution plans under Rule 12b-1 of the 1940 Act, including the cost of printing and mailing of the Prospectus (other than those furnished to existing shareholders) and any sales literature used by you in the public sale of the Shares.

11. DURATION. This Agreement shall take effect on the date first written above, and shall supersede any and all prior General Distributor's Agreements by and among the Fund and you. Unless earlier terminated pursuant to paragraph 12 hereof, this Agreement shall remain in effect until September 30, 1997. This Agreement shall continue in effect from year to year thereafter, provided that such continuance shall be specifically approved at least annually: (a) by the Fund's Board of Trustees or by vote of a majority of the voting securities of the Fund; and (b) by the vote of a majority of the Trustees, who are not parties to this Agreement or "interested persons" (as defined in the 1940 Act) of any such person, cast in person at a meeting called for the purpose of voting on such approval.

12. TERMINATION. This Agreement may be terminated (a) by the General Distributor at any time without penalty by giving sixty days' written notice (which notice may be waived by the Fund); (b) by the Fund at any time without penalty upon sixty days' written notice to the General Distributor (which notice may be waived by the General Distributor); or (c) by mutual consent of the Fund and the General Distributor, provided that such termination by the Fund pursuant to part (b) of this Section 12 shall be directed or approved by the Board of Trustees of the Fund or by the vote of the holders of a "majority" of the outstanding voting securities of the Fund. In the event this Agreement is terminated, the General Distributor shall be entitled to be paid the CDSC under

paragraph 3 hereof on the redemption proceeds of Shares sold prior to the effective date of such termination.

13. ASSIGNMENT. This Agreement may not be amended or changed except in writing and shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors; however, this Agreement shall not be assigned by either party and shall automatically terminate upon assignment.

14. DISCLAIMER OF SHAREHOLDER LIABILITY. The General Distributor understands and agrees that the obligations of the Fund under this Agreement are not binding upon any Trustee or shareholder of the Fund personally, but bind only the Fund and the Fund's property; the General Distributor represents that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming Trustee and shareholder liability for acts or obligations of the Fund.

15. SECTION HEADINGS. The heading of each section is for descriptive purposes only, and such headings are not to be construed or interpreted as part of this Agreement.

If the foregoing is in accordance with your understanding, so indicate by signing in the space provided below.

ROCHESTER FUND MUNICIPALS

By: /s/ RONALD H. FIELDING

Ronald H. Fielding, Vice President

Accepted:

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

By /s/ ANDREW J. DONOHUE

Andrew J. Donohue
Executive Vice President

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EXHIBIT 7

AMENDED AND RESTATED

RETIREMENT PLAN

FOR

INDEPENDENT TRUSTEES

OF

ROCHESTER FUND MUNICIPALS

In recognition of the benefits derived by Rochester Fund Municipals (the "Fund") from having experienced persons serve as trustees, the Fund has adopted this Retirement Plan as of January 26, 1995, for the benefit of members of the Board of Trustees of the Fund who, as of such date, are not "interested persons" (as that term is defined in the Investment Company Act of 1940, as amended) of either the Fund's investment adviser or the Fund's principal underwriter ("Independent Trustees"). In anticipation of a possible transaction affecting the Fund and to assure that no "unfair burden" (within the meaning of Section 15(f) of the Investment Company Act of 1940, as amended) is imposed on the Fund as a result of such transaction, the Retirement Plan for the Independent Trustees of the Fund as adopted on January 26, 1995 has been amended and restated as of October 16, 1995 (the "Amended and Restated Plan").

SECTION 1. ELIGIBILITY

1.1 Eligible Trustees; Eligible Service. Each Independent Trustee who at the time of Retirement (as defined in Section 4.4 herein) has served as an Independent Trustee for at least three years ("Eligible Service") will be an "Eligible Trustee" and, as such, will be eligible to receive retirement benefits under the Amended and Restated Plan. An Eligible Trustee's period of Eligible Service begins on the date of election to the Board of Trustees of the Fund (or its predecessor). Notwithstanding the foregoing, no members of the Board who first became Trustees on or after September 30, 1995 shall be subject to or eligible to receive benefits under the provisions of the Amended and Restated Plan.

SECTION 2. RETIREMENT DATE; AMOUNT OF BENEFIT

2.1 MANDATORY RETIREMENT. Each Independent Trustee will retire not later than the last day of the calendar month in which such Independent Trustee's seventy-second birthday occurs,

which day is referred to hereinafter as such Independent Trustee's "Base Retirement Date". The Base Retirement Date of an Eligible Trustee may be extended for a period which shall not exceed the last day of the calendar month in which such Independent Trustee's seventy-sixth birthday occurs, provided that such extension of the Base Retirement Date (referred to herein as the "Alternate Retirement Date") is approved by the unanimous vote by secret ballot of all Independent Trustees then serving on the Board of Trustees of the Fund. Notwithstanding the foregoing, any Eligible Trustee who is 70 years of age or older on the date of the adoption of this Amended and Restated Plan may elect a date of retirement which date shall be a date no later than the third anniversary of the adoption of this Amended and Restated Plan, which date is also referred to hereinafter as such Independent Trustee's Elective Retirement Date.

2.2 EARLY RETIREMENT. An Eligible Trustee may elect to retire from service on the Board of Trustees on the last day of the calendar month in which such Eligible Trustee's sixtythird birthday occurs or at any time thereafter, which day is referred to hereinafter as the "Early Retirement Date", by providing written notice of his or her intention to do so no less than two months in advance of the Early Retirement Date. Notwithstanding the foregoing, an Eligible Trustee who elects Early Retirement prior to his or her sixty-fifth birthday shall not be eligible to receive benefits under the Amended and Restated Plan prior to his or her sixty-fifth birthday.

2.3 RETIREMENT BENEFIT. Upon retirement, whether such retirement commences upon the Base Retirement Date, the Alternative Retirement Date or the Elected Retirement Date as provided in Section 2.1, or the Early Retirement Date as provided in Section 2.2, each Eligible Trustee will receive an Annual Retirement Benefit as defined herein for a period of 10 years or the remainder of the Trustee's life, whichever is less. The amount of the Annual Retirement Benefit shall be equal to the product of \$1500 multiplied by the number of years which such Eligible Trustee served as such on the Board of Trustees of the Fund (not to exceed nine years). The maximum Annual Retirement Benefit which may be paid to a retired Eligible Trustee under the Amended and Restated Plan is \$13,500.

2.4 PAYMENT OF BENEFIT; ALLOCATION OF COSTS. The Fund shall be responsible for the payment of the Annual Retirement Benefit to each Eligible Trustee hereunder, as well as for all expenses of administration of the Amended and Restated Plan, including, without limitation, all accounting and legal fees and expenses. The obligation of the Fund to pay such benefits and such expenses will not be secured or funded in any matter, and such obligations will not have any preferences over the lawful claims of the Fund's creditors and shareholders. To the extent that the Fund consists of one or more portfolios, such costs and expenses will be allocated among such portfolios by the Board of Trustees in a manner that is determined by such Board to be fair and equitable under the circumstances.

SECTION 3. ADMINISTRATION

3.1 THE COMMITTEE. Any questions involving entitlement to payments under the

Amended and Restated Plan or the administration of the Amended and Restated Plan will be referred to a committee consisting of Independent Trustees designated by the Board of Trustees of the Fund. Except as otherwise provided herein, the Committee will make all interpretations and determinations necessary or desirable for the administration of the Amended and Restated Plan, and such interpretations and determinations will be final and conclusive.

3.2 POWERS OF THE COMMITTEE. The Committee will represent and act on behalf of the Fund in respect of the Amended and Restated Plan and, subject to the other provisions of the Amended and Restated Plan, the Committee may adopt, amend or repeal procedures relating to the administration of the Amended and Restated Plan, the conduct of the Committee's affairs, its rights or powers or the rights or powers of its members. The Committee will report to the Board of Trustees from time to time on its activities in respect of the Amended and Restated Plan. The Committee or persons designated by it will cause such records to be kept as may be necessary for the administration of the Amended and Restated Plan.

SECTION 4. MISCELLANEOUS AND TRANSITION PROVISIONS

4.1 RIGHTS NOT ASSIGNABLE. The right of an Eligible Trustee to receive any payment under the Amended and Restated Plan is not assignable or transferable. Nothing in the Amended and Restated Plan shall create any benefit, cause of action, right of sale, transfer, assignment, pledge, encumbrance or other such right in any spouse or heirs or the estate of any Eligible Trustee.

4.2 AMENDMENTS, ETC. The Committee, with the concurrence of the Board of Trustees, may at any time amend or terminate the Amended and Restated Plan or waive any provision of the Amended and Restated Plan, provided that no amendment, termination or waiver will impair the rights of an Eligible Trustee to receive upon retirement the payments which would have been made to such Eligible Trustee had there been no such amendment, termination or waiver (based upon such Eligible Trustee's Eligible Service to the date of such amendment, termination or waiver) or the rights of a retired Eligible Trustee to receive any benefit due under the Amended and Restated Plan, without the consent of such Eligible Trustee or retired Eligible Trustee, as the case may be. An Eligible Trustee or a retired Eligible Trustee may elect to waive receipt of his or her Annual Retirement Benefit by so advising the Committee in writing of such waiver.

4.3 NO RIGHT TO RE-ELECTION. Nothing contained herein shall be construed to create any obligation on the part of the Board of Trustees of the Fund to nominate any Independent Trustee for re-election to the Board.

4.4 RETIREMENT DEFINED. The term "retirement" for purposes of this Amended

and Restated Plan shall include any termination of service (other than by reason of the death of the Eligible Trustee) of an Eligible Trustee except any termination which the Committee determines

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to have resulted from the Eligible Trustee's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of the office of Independent Trustee.

4.6 TRANSITION PROVISIONS. The Amended and Restated Plan will be effective for all Eligible Trustees who have dates of retirement occurring on or after December 31, 1995. Periods of Eligible Service shall include periods commencing prior to such date. The Amended and Restated Plan will become effective on the date (the "Effective Date") when the Committee determines that any regulatory approvals or advice that may be necessary or appropriate in connection with the Amended and Restated Plan have been obtained.

IN WITNESS WHEREOF, this Retirement Plan for Independent Trustees of Rochester Fund Municipals adopted on January 26, 1995, has been amended and restated as of 16th day of October, 1995.

/s/ RONALD H. FIELDING

Ronald H. Fielding, President
Rochester Fund Municipals

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EXHIBIT 9(a)

ROCHESTER FUND MUNICIPALS
350 Linden Oaks
Rochester, N.Y. 14625

Rochester Fund Services, Inc.
350 Linden Oaks
Rochester, NY 14625
Attn: Mr. Michael S. Rosen, Vice President

Oppenheimer Management Corporation
2 World Trade Center
New York, NY 10048-0203
Attn: Andrew Donohue

Re: ACCOUNTING, ADMINISTRATION & RECORDKEEPING AGREEMENT

Pursuant to Section 20 of the Accounting, Administration and Recordkeeping Agreement between Rochester Fund Municipals and Rochester Fund Services, Inc., this will serve as the funds written consent to the assignment of that agreement from Rochester Fund Services, Inc. to Oppenheimer Management Corporation.

ROCHESTER FUND MUNICIPALS

By: /s/ RONALD H. FIELDING

Ronald H. Fielding, President

EXHIBIT 9(a)

ACCOUNTING, ADMINISTRATION AND RECORDKEEPING AGREEMENT
BETWEEN
ROCHESTER FUND SERIES
AND
ROCHESTER FUND SERVICES, INC.

THIS AGREEMENT is made as of the 15th day of April, 1994, by and between ROCHESTER FUND SERIES ("Fund"), a Massachusetts business trust, and ROCHESTER FUND SERVICES, INC. ("Agent"), a New York corporation.

WHEREAS, the Fund is registered as an open-end management investment company under the Investment Company Act of 1940, as amended ("1940 Act"), and as a transfer agent under the Securities Exchange Act of 1934, as amended ("1934 Act"); and

WHEREAS, the Fund wishes to retain the Agent to provide certain Fund accounting, administration and shareholder recordkeeping services other than those services specified in Section 3(a)(25) of the 1934 Act, and the Agent is willing to furnish such services;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, it is agreed between the parties hereto as follows:

1. APPOINTMENT. The Fund hereby appoints the Agent to provide certain accounting services for the Fund and to provide certain administration and recordkeeping services for the holders of common stock ("Shares") of the Fund ("Shareholders") for the period and on the terms set forth in this Agreement. The Agent accepts such appointment and agrees to furnish the services herein set forth in return for the compensation as provided in Paragraph 12 of this Agreement. The Fund and the Agent agree that nothing contained in this Agreement is intended to require the Agent to perform any activity specified in Section 3(a)(25) of the 1934 Act.

2. DELIVERY OF DOCUMENTS. The Fund has made available to the Agent (or has furnished the Agent with) properly certified or authenticated copies, with all amendments or supplements thereto, of the following documents:

(a) Agreement and Declaration of Trust of the Fund;

(b) By-Laws of the Fund;

(c) Resolutions of the Fund's Board of Trustees appointing the Agent and approving the form of this Agreement; and

(d) Resolutions of the Fund's Board of Trustees designating certain of its officers to give instructions on behalf of the Fund to the Agent and authorizing the Agent to rely upon Proper Instructions (as hereinafter defined).

3. AUTHORIZED PERSONS. Concurrently with the execution of this Agreement, the Fund shall deliver to the Agent a certificate, or such other certificate as may be received by the Agent from time to time, setting forth the names, titles and signatures of such persons authorized to give Proper Instructions or any other notice, request, direction, instruction, certificate or instrument on behalf of the Fund ("Authorized Persons"). Such certificate may be accepted and reasonably relied upon by the Agent as conclusive evidence of the facts set forth therein and shall be considered to be in full force and effect until delivery to the Agent of a similar certificate to the contrary. Upon delivery of a certificate that deletes the name of a person previously authorized to give Proper Instructions, such person shall no longer be considered an Authorized Person.

4. PROPER INSTRUCTIONS.

(a) Unless otherwise provided in this Agreement, the Agent shall act only

upon Proper Instructions. "Proper Instructions" shall mean: (i) a tested telex from the Fund; (ii) other communications effected directly between electro-mechanical or electronic devices or systems, provided that the Agent and the Fund agree to the use of such device or system; (iii) a written request, direction, instruction or certification signed or initialed on behalf of the Fund by one or more Authorized Persons; or (iv) telephonic or other oral instructions given by any Authorized Person that the Agent reasonably believes to have been given by a person authorized to give such instructions. Proper Instructions may be in the form of standing instructions.

(b) Oral instructions will be confirmed by tested telex or in writing in the manner set forth above by the close of business on the same day that oral instructions are given to the Agent, but the lack of such confirmation shall in no way affect any action taken by the Agent in reasonable reliance upon such oral instructions.

(c) The Agent may assume that any Proper Instructions received hereunder are not in any way inconsistent with any provisions of the Agreement and Declaration of Trust or By-Laws or any vote, resolution or proceeding of the Fund's

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Shareholders, or of the Board of Trustees or of any committees thereof. The Agent shall be entitled reasonably to rely upon any Proper Instructions actually received by it pursuant to this Agreement. The sole obligation of the Agent with respect to any follow-up or confirmatory instruction shall be to make reasonable efforts to detect any discrepancy between said instruction and the original Proper Instruction and to advise the Fund accordingly.

5. FUND ACCOUNTING SERVICES.

(a) Daily Activities. The Agent will perform the following accounting functions on a daily basis:

- (1) Journalize the Fund's investment, capital share and income and expense activities;
- (2) Verify investment buy/sell trade tickets received from the Fund's investment adviser and transmit trades to the Fund for transmittal for proper settlement;
- (3) Maintain individual ledgers for investment securities;
- (4) Maintain historical tax lots for each security;
- (5) Reconcile Share activity and outstanding Share balances with the transfer agent;

(6) Update the cash availability throughout the day as required by the Fund's investment adviser;

(7) Post to and prepare the Fund's Statement of Assets and Liabilities and the Statement of Operations;

(8) Calculate various contractual expenses (e.g., advisory and custody fees);

(9) Monitor the expense accruals and notify Fund management of any proposed adjustments;

(10) Calculate capital gains and losses;

(11) Determine the Fund's net income;

(12) Obtain security market quotations from Quotron Financial Information Services or such other services approved by the Fund's investment adviser, or if such quotes are unavailable, then obtain such prices from the Fund's investment adviser, and in either case calculate the market value of the Fund's investments;

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(13) Value the assets of the Fund and compute the net asset value per share of the Fund at such times and dates and in the manner specified in the Fund's current prospectus;

(14) Provide a copy of the daily portfolio valuation to the Fund's investment adviser; and

(15) Compute the Fund's yield, total return, expense ratio, portfolio turnover rate and daily dividend factor and disseminate as agreed upon by the parties hereto.

(b) Monthly Activities. On the first business day following the end of each month, the Fund shall cause the Fund's custodian to prepare and forward to the Agent, within three business days following the end of each such month, a monthly statement of cash and portfolio transactions, which the Agent will reconcile with the Agent's accounts and records maintained for the Fund. Within three business days following the Agent's receipt of the monthly statement provided by the Fund's custodian, the Agent will provide a written report of any discrepancies to the Fund's custodian, and will provide a written report of any unreconciled items to the Fund.

(c) Other Activities. In addition to the foregoing accounting services, the Agent will:

- (1) Prepare monthly financial statements, which will include a (i) schedule of investments, (ii) statement of assets and liabilities, (iii) statement of operations, (iv) statement of changes in net assets, (v) cash statement, and (vi) schedule of capital gains and losses;
- (2) Prepare quarterly broker security transactions summaries;
- (3) Supply various Fund statistical data as reasonably requested by the Fund on an ongoing basis;
- (4) Assist in the preparation of support schedules necessary for completion of the Fund's federal, state and, if applicable, excise tax returns;
- (5) Assist in the preparation of the Fund's semi-annual reports with the Securities and Exchange Commission ("SEC") on Form N-SAR;
- (6) Assist in the preparation of the Fund's annual and semi-annual Shareholder reports and any proxy statements;

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- (7) Assist in the preparation of registration statements on Form N-1A and other filings relating to the registration of the Fund's Shares;
- (8) Act as liaison with the Fund's independent certified public accountants and provide account analyses, fiscal year summaries, and other audit related schedules, and take all reasonable action in the performance of its obligations under this Agreement to assure that the necessary information is made available to such accountants for the expression of their opinion, as such may be required by the Fund from time to time; and
- (9) Render such other similar services as may be reasonably requested by the Fund.

6. ADMINISTRATION AND SHAREHOLDER RECORDKEEPING SERVICES. The Agent shall perform the following administration and recordkeeping services:

- (a) General. The Agent will establish one or more accounts with the Fund's custodian for the prompt deposit of funds received in connection with the Agent's activities hereunder.
- (b) Purchases. The Agent shall act as agent for the Fund and/or the Fund's principal underwriter for the purpose of receiving and accepting orders and payment for the purchase of Shares in accordance

with the Fund's prospectus as amended from time to time. If such purchase orders comply with the procedures as may be described in the Fund's current prospectus or as set forth in Proper Instructions, the Agent shall promptly deliver payment and appropriate documentation therefor to the Fund. If any check or other order for the purchase of Shares is returned to the Agent unpaid for any reason, the Agent shall promptly deliver such check or order to the Fund for further action.

(c) Redemptions. The Agent shall act as agent for the Fund and/or the Fund's principal underwriter for purposes of receiving and accepting redemption requests and redemption directions in accordance with the Fund's prospectus as amended from time to time. If such redemption requests and directions comply with the procedures as may be described in the Fund's current prospectus or as set forth in Proper Instructions, the Agent shall deliver the appropriate instructions therefor to the Fund. If any such request for redemption does not comply with the procedures for redemption approved by the Fund, the Agent shall promptly notify the Shareholder and the Fund of such fact, together with the reason therefor.

(d) Exchanges and Transfers. The Agent shall act as agent for the Fund and/or the Fund's principal underwriter for

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purposes of receiving and accepting exchange and transfer requests and exchange and transfer directions in accordance with the Fund's prospectus, as amended from time to time. If such requests and directions comply with the procedures as may be described in the Fund's current prospectus or as set forth in Proper Instructions, the Agent shall deliver the appropriate instructions therefor to the Fund. If any such request for exchange or transfer does not comply with the procedures for exchange or transfer as approved by the Fund, the Agent shall promptly notify the Shareholder and the Fund of such fact, together with the reason therefor.

(e) Recordkeeping.

(1) The Agent shall record the issuance, transfer, redemption and exchange of Shares and the issuance and transfer of Share certificates, and shall maintain pursuant to applicable rules and regulations of the SEC a record of the total number of Shares of the Fund that are authorized, based upon data provided to it by the Fund as transfer agent, and issued and outstanding. The Agent shall also maintain an account entitled "Unissued Certificate Account" in which it will record the Shares issued and outstanding from time to time for which the issuance of Share certificates by the Fund is deferred. The Agent shall provide the Fund on a regular basis or upon reasonable request the total

number of Shares that are authorized and issued and outstanding, but shall have no obligation, when recording the issuance of Shares, except as otherwise set forth herein, to monitor the issuance of such Shares or to take cognizance of any laws relating to the issue or sale of such Shares, which functions shall be the sole responsibility of the Fund.

(2) The Agent shall establish and maintain records pursuant to applicable rules and regulations of the SEC relating to the services to be performed hereunder in the form and manner agreed to by the Fund, including a record for each Shareholder's account of the following:

- (i) Name, address and tax identifying number;
- (ii) Number of Shares and fractional Shares held;
- (iii) Historical information as to the account, including dividends paid and date and price for all transactions;
- (iv) Any stop or restraining order placed against the account;

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(v) Information with respect to withholdings in the case of a foreign account or an account for which withholding is required by the Internal Revenue Code;

(vi) Any dividend reinvestment order, plan application, dividend address and correspondence relating to the current maintenance of the account;

(vii) Certificate numbers and denominations for any Shareholder holding certificates; and

(viii) Any information required in order for the Agent to perform the calculations contemplated or required by this Agreement.

(f) Reports.

(1) The Agent shall furnish periodically to the Fund, as well as to the appropriate agent of the Fund designated by the Fund for the receipt of such information, the following information:

- (i) The total number of Shares issued and outstanding (including a breakdown of the total number of Shares issued and outstanding in each state for Blue Sky purposes) as

determined according to Proper Instructions delivered from time to time by the Fund to the Agent;

(ii) Shareholder lists and statistical information; and

(iii) Such other information as may be agreed upon from time to time.

(2) The Agent shall prepare and file with the Internal Revenue Service and appropriate state agencies, and, if required, mail to Shareholders, such forms or notices for reporting dividends and distributions paid as are required to be so filed and mailed.

(g) Other Duties. In addition to and not in lieu of the services set forth above, the Agent shall prepare Shareholder meeting lists, mail proxies and other material supplied to it by the Fund in connection with Shareholder meetings, receive and tabulate proxies, mail Shareholder reports and prospectuses to current Shareholders, prepare and mail confirmation forms and statements of account to Shareholders for all purchases and redemptions of Shares and other confirmable transactions in Shareholder accounts, prepare and mail activity statements for Shareholders, provide Shareholder

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account information, answer inquiries from Shareholders regarding their Share accounts or the Fund (or, if more properly responded to by the transfer agent or distributor, refer the inquiry to the appropriate person), and supervise the activities of the Fund's custodian and the Fund's activities as transfer agent.

7. RECORDS. The Agent shall create and maintain all necessary books and records in accordance with all applicable laws, rules and regulations, including, but not limited, to records required by Section 31(a) of the 1940 Act and the rules thereunder, as the same may be amended from time to time, pertaining to the services performed by it and not otherwise created and maintained by another party pursuant to contract with the Fund. Such books and records which are in the possession of the Agent shall be the property of the Fund. The Fund, or the Fund's authorized representatives, shall have access to such books and records at all times during the Agent's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Agent to the Fund or the Fund's authorized representatives at the Fund's expense.

8. INFORMATION TO BE PROVIDED TO AGENT. The Fund shall provide, and shall require each of its agents (including, without limitation, its custodian and distributor) to provide, to the Agent, in a timely fashion all data and information necessary for the Agent to maintain the Fund's accounts, books and records as required by this Agreement.

9. CONFIDENTIALITY. The Agent agrees on behalf of itself and its employees to treat confidentially and as proprietary information of the Fund all books, records and other information relative to the Fund and the Fund's prior, present or potential Shareholders, and not to use such books, records and other information for any purpose other than performance of the Agent's responsibilities and duties hereunder, except, after prior notification to and approval by the Fund, which approval shall not be unreasonably withheld and may not be withheld where the Agent may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, or when so requested by the Fund.

10. RIGHT TO RECEIVE ADVICE.

(a) Advice of the Fund. If the Agent shall be in doubt as to any action to be taken or omitted by it, it may request, and shall promptly receive, from the Fund directions or advice, including Proper Instructions where appropriate.

(b) Advice of Counsel. If the Agent shall be in doubt as to any question of law involved in any action to be taken or omitted by the Agent, it may request advice from qualified

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legal counsel of its own choosing, who is acceptable to the Fund.

(c) Protection of the Agent. The Agent shall be protected in any action that it takes or determines not to take in reasonable reliance on any directions, advice or Proper Instructions received pursuant to subsections (a) or (b) of this paragraph. However, nothing in this paragraph shall be construed as imposing upon the Agent any obligation to seek such directions, advice or Proper Instructions, or to act in accordance with such directions, advice or Proper Instructions when received, unless, under the terms of another provision of this Agreement, the same is a condition to the Agent's properly taking or omitting to take such action. Nothing in this subsection shall excuse the Agent when an action or omission on the part of the Agent constitutes willful misfeasance, willful misconduct, negligence or reckless disregard by the Agent of its duties under this Agreement.

11. COMPLIANCE WITH APPLICABLE REQUIREMENTS. In carrying out its obligations. under this Agreement, the Agent shall at all times conform with all applicable provisions of the Securities Act of 1933, as amended, the 1934 Act and the 1940 Act; any other applicable provisions of state and federal laws, rules and regulations; and the provisions of the Fund's current prospectus, Agreement and Declaration of Trust and By-Laws, all as amended from time to time.

12. FEES AND EXPENSES.

(a) As compensation for the accounting services rendered by the Agent during the term of this Agreement, the Fund will pay to the Agent a minimum annual fee of \$16,500, an additional \$12,000 for accounting services performed with respect to the first \$30,000,000 in net assets and an additional \$9,000 for accounting services performed with respect to each \$30,000,000 in net assets thereafter. As compensation for administration and Shareholder recordkeeping services rendered by the Agent during the term of this Agreement, the Fund will pay to the Agent monthly account maintenance fees of \$2.01 per account.

(b) In addition to the fees paid pursuant to Paragraph 12(a), the Fund agrees to reimburse the Agent for its cash disbursements, expenses and charges in connection with the Agreement (excluding salaries and usual overhead expenses).

(c) The Agent will, on a timely basis, bill the Fund with respect to fees and all amounts for which the Agent is to be reimbursed. The Fund will promptly pay to the Agent the amount of such billing.

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(d) The Agent in its sole discretion may from time to time employ or associate with itself such person or persons as the Agent may believe to be particularly suited to assist it in performing services under this Agreement. Such person or persons may be officers and employees who are employed by both the Fund and the Agent. The compensation of such person or persons shall be paid by the Agent and no obligation shall be incurred on behalf of the Fund.

13. RESPONSIBILITY OF THE AGENT. The Agent shall be under no duty to take any action on behalf of the Fund except as specifically set forth herein or as may be specifically agreed to by the Agent in writing. The Agent shall not be liable for any error in judgment or mistake at law for any loss suffered by the Fund in connection with any matters to which this Agreement relates, but nothing herein contained shall be construed to protect the Agent against any liability by reason of willful misfeasance, willful misconduct, or negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement. Without limiting the generality of the foregoing or of any other provision of this Agreement, the Agent in connection with its duties under this Agreement shall not be under any duty or obligation to inquire into and shall not be liable for or in respect of:

(a) the validity or invalidity or authority or lack thereof of any Proper Instruction, notice or other instrument which conforms to the applicable requirements of this Agreement, and which the Agent reasonably believes to be genuine;

(b) delays or errors or loss of data occurring by reason of circumstances beyond the Agent's control, including, without limitation, acts of civil or

military authority, national emergencies, labor difficulties, fire, mechanical breakdowns, flood or catastrophe, acts of God, insurrection, war, riots or failure of the mails, transportation, communication or power supply; or

(c) the accuracy of security market quotations provided to Agent by Quotron Financial Information Services or such other service or source designated by the Fund's investment adviser, except when the Fund or investment adviser has given or caused the Agent to be given instructions to utilize a different market value.

In addition, nothing herein shall require the Agent to perform any duties under this Agreement on any day on which the Agent or the New York Stock Exchange, Inc. is closed for business.

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14. STANDARD OF CARE; INDEMNIFICATION.

(a) Standard of Care. The Agent shall be held to a standard of reasonable care in carrying out the provisions of this Agreement; provided, however, that the Agent shall be held to any higher standard of care that would be imposed upon the Agent by any applicable law, rule or regulation even though such standard of care was not part of the Agreement.

(b) Indemnification by the Fund. The Fund agrees to indemnify and hold harmless the Agent and its nominees from all losses, damages, costs, charges, payments, expenses (including reasonable counsel fees), and liabilities arising directly or indirectly from any action or thing that the Agent takes or does or omits to take to do (i) at the request or on the direction of or in reasonable reliance on the written advice of the Fund or (ii) upon Proper Instructions, provided, that neither the Agent nor any of its nominees shall be indemnified against any liability to the Fund or to its Shareholders (or any expenses incident to such liability) arising out of the Agent's own willful misfeasance, willful misconduct, negligence or reckless disregard of its duties and obligations specifically described in this Agreement or its failure to meet the standard of care set forth in Paragraph 14(a).

(c) Indemnification by the Agent. The Agent agrees to indemnify and hold harmless the Fund and its nominees from all losses, damages, costs, charges, payments, expenses (including reasonable counsel fees), and liabilities arising out of or attributed to any action or failure or omission to act by the Agent as a result of the Agent's own willful misfeasance, willful misconduct, negligence or reckless disregard of its duties and obligations specifically described in this Agreement.

15. INSURANCE. The Agent will at all times maintain in effect insurance coverage, including, without limitation, Fidelity Bond and Electronic Data

coverage, at levels of coverage consistent with those customarily maintained by other high quality investor servicing agents for registered investment companies and with such policies as the Board of Trustees of the Fund may from time to time adopt.

16. DURATION AND TERMINATION. This Agreement shall continue until termination by either the Agent or the Fund on sixty days' written notice. In the event that in connection with any such termination a successor to any of the Agent's duties or responsibilities hereunder is designated by the Fund by written notice to the Agent, the Agent will cooperate fully in the transfer of such duties and obligations, including provision for assistance by the Agent's personnel in the establishment of books, records and other data by

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such successor. The Fund will reimburse the Agent for all reasonable expenses incurred by the Agent in connection with such transfer.

17. NOTICES. All notices and other communications, including Proper Instructions (collectively referred to as "Notice" or "Notices" in this paragraph), hereunder shall be in writing or by confirming telegram, cable, telex or facsimile sending device. Notices to the Agent shall be addressed to the Agent at 70 Linden Oaks, Rochester, New York 14625-2804. Notices to the Fund shall also be addressed to the Fund at 70 Linden Oaks, Rochester, New York 14625-2804. All postage, cable, telex, or facsimile sending device charges arising from the sending of a Notice hereunder shall be paid by the sender.

18. FURTHER ACTIONS. Each party agrees to perform such further acts and execute such further documents as are necessary to effectuate the purposes hereof.

19. AMENDMENT; MODIFICATION;. WAIVER. This Agreement or any part hereof may be amended, modified or waived only by an instrument in writing signed by both parties hereto.

20. ASSIGNMENT. Neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the written consent of the other party.

21. COUNTERPARTS. This Agreement may be executed in two counterparts, each of which shall be deemed an original. This Agreement shall become effective when one or two counterparts have been signed and delivered by each of the parties.

22. LIMITATION ON LIABILITY. A copy of the Agreement and Declaration of Trust (including any amendments thereto) of the Fund is on file with the Secretary of the Commonwealth of Massachusetts, and notice is hereby given that this instrument is executed on behalf of the Trustees of the Fund as trustees and not individually and that the parties agree that obligations of or arising out of this instrument are not binding upon any of the Trustees or officers or Shareholders individually, but binding only upon the assets and property of the Fund.

23. MISCELLANEOUS. This Agreement embodies the entire agreement and understanding between the parties thereto, and supersedes all prior agreements and understandings, relating to the subject matter hereof, provided that the parties hereto may embody in one or more separate documents their agreement, if any, with respect to Proper Instructions. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. This Agreement shall be deemed to be a contract made in New York and governed by New York law. If any provision of this

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Agreement shall be held or made invalid by a court decision, statute, rule, regulation or otherwise, the remainder of this Agreement shall not be affected thereby. This Agreement shall be binding and shall inure to the benefits of the parties hereto and their respective successors.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers designated below on the day and year first above written.

ROCHESTER FUND SERIES

By: /s/ RONALD H. FIELDING

Ronald H. Fielding
President

ROCHESTER FUND SERVICES, INC.

By: /s/ MICHAEL S. ROSEN

Michael S. Rosen
Vice President

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EXHIBIT 9(b)

SERVICE CONTRACT

THIS AGREEMENT is signed this ___th day of January, 1996, between ROCHESTER FUND MUNICIPALS (hereinafter referred to as the "Fund"), a Massachusetts business trust, having its principal place of business at 350 Linden Oaks, Rochester, New York 14625, and OPPENHEIMER SHAREHOLDER SERVICES, (hereinafter referred to as "OSS"), a division of Oppenheimer Management Corporation -- a Colorado corporation, having its principal place of business at 3410 South Galena Street, Denver, Colorado 80231.

WITNESSETH:

WHEREAS, Oppenheimer Management Corporation ("OMC") doing business as OSS, a division of OMC, is a registered transfer agent under Section 17A(c)(1) of the Securities Exchange Act of 1934 and provides registrar and transfer agent, dividend and distribution disbursing agent, redemption agent, clearing agent and exchange agent and service agent services to mutual funds, and

WHEREAS, the Fund desires that OSS perform certain registrar and transfer agency services for the Fund, as more specifically set forth in Schedule A to this Agreement.

THEREFORE, the parties hereto agree as follows:

1. SERVICES TO BE PERFORMED BY OSS

The services to be performed for the Fund by OSS are set forth in Schedule A to this Agreement, which Schedule is incorporated as part of this Agreement. OSS shall perform such services as registrar, transfer agent, dividend and distribution disbursing agent, redemption agent, clearing agent and exchange agent or as service agent for the Fund.

2. FEES AND EXPENSES

A. For performance by OSS pursuant to this Agreement, the Fund agrees on behalf of each of the Portfolios of the Fund to pay OSS the annual basic charge for each shareholder account and the out-of-pocket expenses incurred by OSS as set out in Schedule B attached hereto.

B. The Fund agrees on behalf of each of the Portfolios to pay all fees and reimbursable expenses within five days following the mailing of the respective billing notice.

C. After the third year anniversary of this Agreement, OSS may increase the fees and charges set forth on the attached fee schedule in the following circumstances:

(i) At any time but no more than once a year, OSS may, upon at least ninety (90) days prior written notice, increase its fees or charges to the Fund or change the manner of payment;

(ii) Irrespective of (i) above, for new Fund features that are not consistent with OSS's current processing requirements; and

(iii) Irrespective of (i) above, if changes in existing laws, rules or regulations: (a) require substantial system modifications or (b) increase cost of performance hereunder.

In the event of (i) above, if the Fund does not agree to the revised fees and charges or manner of payment, the Fund shall notify OSS thereof in writing (the "Refusal Notice") within thirty (30) days of receipt of OSS's notice. If the parties are unable to agree to a rate or manner within the next thirty (30) days after OSS's receipt of the Refusal Notice, this Agreement shall terminate ninety (90) days from the date on which OSS received the Refusal Notice.

In the event of (ii) above, the parties shall confer, diligently and in good faith, and agree upon a new fee to cover such new fund feature.

In the event of (iii) above, fees shall increase by the amount necessary, but not more than such amount, to reimburse OSS for the cost of developing or acquiring the new software to comply with regulatory changes and for the increased cost of operating its shareholder system.

3. EFFECTIVE DATE AND TERM.

This Agreement shall become effective on the Conversion Date, shall supersede any prior agreements among the parties hereto relating to the subject matter hereof, and shall continue in full force and effect until terminated by any party upon six months' prior written notice of termination addressed to all other parties. The Conversion Date shall be March 8, 1996, or such other date as the parties may agree to for OSS to assume the functions of transfer agent for the Fund pursuant to the terms herein.

4. STANDARD OF CARE.

OSS will make every reasonable effort and take all reasonably available measures to assure the adequacy of its personnel and facilities as well as the accurate

performance of all services to be performed by it hereunder within, at a minimum, the time requirements of any statute, rule or regulation pertaining to investment companies and any time requirements set forth in the then-current prospectus of the Fund. OSS shall promptly correct any error or omission made by it in the performance of its duties hereunder provided that it shall have received notice in writing of such error or omission and any necessary substantiating data or has otherwise become aware of such error or omission. In effecting any such corrections, OSS shall take all reasonable steps necessary to trace and to correct any related errors or omissions, including, without limitation, those which might cause an over-issue of the Fund's shares and/or the excess payment of dividends or distributions. The allocable costs of corrections shall be charged to the Fund and the liability of OSS under this Section shall be subject to the limitations provided in Section 9 hereof.

5. RECORDS RETENTION AND CONFIDENTIALITY.

OSS shall keep and maintain on behalf of the Fund all records which the Fund or its transfer agent is, or may be required, to keep and maintain pursuant to any applicable statutes, rules and regulations relating to the maintenance of records in connection with the services to be performed hereunder. OSS also shall maintain, for a period of at least 6 years, all records and documents which may be needed or required to support or document the actions taken by OSS in its performance of services hereunder. OSS recognizes and agrees that all such records and documents (but not the computer data processing programs and any related documentation used or prepared by, or on behalf of, OSS for the performance of its services hereunder) are the property of the Fund; shall be open to audit or inspection by the Fund or its agents during OSS's normal business hours; shall be maintained in such fashion as to preserve the confidentiality thereof and to comply with applicable federal and/or state laws and regulations; and shall, in whole or any specified part, be surrendered and turned over to the Fund or its duly authorized agents at any time upon OSS's receipt of an appropriate written request.

6. CLEARING ACCOUNTS.

The Fund shall open and/or maintain such bank account or accounts as shall reasonably be required by OSS for controlling payments, the disbursement of dividends, capital gains distributions and share redemption payments pursuant to the provisions hereof, and any other accounts deemed necessary by OSS or the Fund to carry out the provisions of this Agreement, with a bank or banks selected by OSS with the prior approval of the Fund's Board. Such account may be an omnibus account used for all Funds for which OSS or one of its subsidiaries acts as transfer agent. The Fund shall authorize officers or employees of OSS to act as authorized signatories to disburse funds held in such accounts. OSS shall be accountable to the Fund for the management of such accounts by OSS (and the funds at any time on deposit therein).

7. REPORTS.

OSS will furnish to the Fund, at the Fund's cost, and to such other persons or parties as are designated herein or shall be designated in writing by an authorized officer of the Fund, such reports at such times as are required for the performance of the services referred to in Schedule A.

8. INDEMNIFICATION OF OSS AND OMC.

The Fund shall indemnify OSS and OMC and hold OSS and OMC and each of their officers, directors, employees and agents harmless from and against any and all claims, demands, actions and suits, whether groundless or otherwise, and from and against all judgments, liabilities, losses, damages, costs, charges, counsel fees and other expenses arising from or relating to any action taken or omitted to be taken by it in good faith or as a result of ordinary negligence in reliance upon:

- (a) The authenticity of any letter or any other instrument or communication reasonably believed by it to be genuine and to have been properly made or signed by an authorized officer or agent of the Fund or by a shareholder or the authorized agent of a shareholder, as the case may be and which complies with the terms of this Agreement which pertain thereto;
- (b) The accuracy of any records or information provided to it by the Fund except to the extent the same may contain patently obvious errors or omissions;
- (c) Any certificate by an authorized officer of the Fund or any other person authorized by the Fund's Board as conclusive proof of any fact or matter required to be ascertained by OSS hereunder;
- (d) Instructions at any time given by an authorized officer of the Fund with respect to OSS's duties and responsibilities hereunder, including, as to legal matters pertaining to the performance of its duties hereunder, such advice or instructions as may be given to OSS by the Fund's general counsel or any legal counsel appointed by such counsel or by any authorized officer of the Fund;
- (e) Instructions regarding redemptions, exchanges or other treatment of the shares of the Fund, together with all dividends and capital gain distributions thereon and any reinvestment thereof, held or shown to the credit of any shareholder account, if such instructions satisfy the requirements of the Fund as contained in its then current prospectus, or the Fund's policies or as communicated in writing to OSS, its subcontractors or agents by the Fund; or

(f) The advice or opinion of legal counsel furnished to OSS pursuant to Section 10 hereof.

9. LIMITATIONS OF OSS'S AND OMC'S LIABILITY.

In addition to the limitations on OSS's and OMC's liability stated in Sections 8 and 10 hereof, neither OSS nor OMC assumes any liability hereunder and shall not be liable hereunder for any damage, loss of data, delay or other loss caused by circumstances or events beyond its control which it could not reasonably have anticipated. OSS shall not have any liability beyond the insurance coverage it has obtained for loss or damage arising from its own errors or omissions, except to the extent such errors or omissions are attributable to gross negligence or purposeful fault on the part of OSS, its officers, agents and/or employees; and in no event will OSS be liable to the Fund for punitive damages. The Fund shall indemnify and hold OSS and OMC harmless from and against any liabilities and defense expenses arising by reason of claims of third parties, based on errors or omissions of OSS, which are greater in amount than the limitations of liability described above, except to the extent such errors or omissions are attributable to gross negligence or purposeful fault on the part of OSS, its officers, directors, agents and/or employees.

10. LEGAL ADVICE AND INSTRUCTIONS.

OSS at any time may request instructions from any authorized officer of the Fund with respect to the performance of its duties and responsibilities hereunder and may consult with counsel for the Fund or counsel of its own choosing, who is acceptable to the Fund, relative to any such matter and shall not be liable hereunder for any action taken or omitted by it in good faith in accordance with such instructions or with an opinion of such counsel or of counsel appointed by an authorized officer of the Fund to deal with inquiries or requests for instructions by OSS. Nothing in this section shall be construed as imposing upon OSS any obligation to seek such instructions or counseling or to act in accordance with such instructions or counsel.

11. DOCUMENTS AND INFORMATION.

As soon as feasible prior to the effective date of the Agreement, and if not heretofore provided, the Fund will supply to OSS a statement, certified by the treasurer of the Fund, stating the number of shares of the Fund authorized, issued, held in treasury, outstanding and reserved as of such date, together with copies of specimen signatures of the Fund's officers and such other documents and information, including without limitation the then-current prospectus of the Fund, which OSS may determine in its reasonable discretion to be necessary or appropriate to enable it to perform the services to be performed hereunder, and the Fund thereafter will supply all amendments or supplemental documents with respect thereto as soon as the same shall be effective or available for distribution. The Fund assumes full responsibility for

the preparation, accuracy, content and clearance of its prospectus under federal and/or state securities laws and any rules or regulations thereunder. If the Fund shall make any change in its prospectus affecting the services and functions to be performed by OSS hereunder, such additional services and functions shall be deemed to be incorporated in Schedule A.

12. ADDITIONAL FUNDS.

In the event that the Fund established one or more series of shares in addition to the Oppenheimer/Rochester Fund Municipals Portfolio with respect to which it desires to have OSS render services as transfer agent under the terms hereof, it shall so notify OSS in writing, and if OSS agrees in writing to provide such services, such series of shares shall become a Portfolio hereunder.

13. TERMINATION.

This Agreement may be terminated by any party only upon written notice as provided in Section 3 hereof, except that the Fund may terminate this Agreement without prior notice to preserve the integrity of its shareholder records from material and continuing errors and omissions on the part of OSS. In the event of any termination, OSS will provide full cooperation, assistance and documentation within its capabilities as shall be necessary or desirable, in the reasonable judgment of the Fund, to ensure that any transfer of the duties and responsibilities of OSS is accomplished with maximum efficiency and with minimum cost and disruption to the Fund's activities. Such cooperation will include the delivery of all files, documents and records used, kept or maintained by OSS in the performance of its services hereunder (except records or documents destroyed when consistent with the provisions hereof or with the approval of the Fund or which relate solely to the documentation of the computer data processing programs of OSS) together with, in machine-readable form, such of the Fund's records as may be maintained by OSS in a form other than written form, as well as such summary and/or control data relating thereto used by or available to OSS as may be requested by the Fund. The cost of all such termination services on the part of OSS shall be paid by the Fund without prejudice, however, to the rights of the Fund to recover any amounts so paid in the event that OSS shall be liable to the Fund under Section 9 hereof. In the course of its performance of the services set forth in Schedule A hereto, as such services may from time to time be modified or amended, OSS will enter into leases for equipment. If this Agreement is terminated by the Fund, and if, as a result of such termination, such equipment specifically leased by OSS to perform such services can no longer be utilized economically by OSS in its performance of services for any other entities with which OSS has continuing transfer agency or other service contracts, OSS may in its discretion cancel such leases. However, the Fund shall not have any responsibility for termination penalties, if any, which may be payable under the terms of such equipment leases, unless otherwise agreed by the Fund prior to the time such lease is entered into.

14. NOTICES.

Any notice hereunder shall be sufficiently given when sent by registered or certified mail, return receipt requested, to any party hereto at the address of such party set forth above or at such other address as such party may from time to time specify in writing to the other parties.

15. CONSTRUCTION; GOVERNING LAW.

The headings used in this Agreement are for convenience only and shall not be deemed to constitute a part hereof. This Agreement, and the rights and obligations of the parties hereunder, shall be governed by and construed and interpreted under and in accordance with the laws of the State of New York applicable to contracts made and to be performed in that state.

16. ASSIGNMENT; DELEGATION.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns, including without limitation, any successor to any party resulting by reason of corporate merger or consolidation; provided, however, that this Agreement and the rights and duties hereunder shall not be assigned by any of the parties hereto except upon the specific prior written consent of all parties hereto.

OSS may, without further consent on the part of the Fund, subcontract for the performance hereof with any entity which is duly registered as a transfer agent pursuant to Section 17A(c)(1) of the Securities Exchange Act of 1934, provided, however, that OSS shall be as fully responsible to the Fund for the acts and omissions of any subcontractors or agent as it is for its own acts and omissions.

17. INTERPRETIVE PROVISIONS.

OSS and the Fund may agree from time to time in writing on provisions interpretative of, or supplemental to, the provisions of this Agreement.

18. OTHER AGREEMENTS.

This Agreement shall not preclude the Fund from entering into transfer agency agreements or sub-transfer agency agreements with others.

19. DISCLAIMER OF LIABILITY.

OSS understands and agrees that the obligations of the Fund under this Agreement are not binding upon any shareholder of the Fund or member of its

Board of Trustees personally, but only the Fund and the Fund's property; OSS represents that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming liability for acts or obligations of the Fund.

20. SEVERABILITY.

If any clause or provision of this Agreement is determined to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then such clause or provision shall be considered severed herefrom, and the remainder of this Agreement shall continue in full force and effect.

21. ENTIRE AGREEMENT.

Except as otherwise provided herein, this Agreement, including Schedule A and Schedule B annexed hereto, constitutes the entire and complete Agreement between the parties hereto relating to the subject matter hereof; supersedes and merges all prior contracts and discussions between the parties hereto; and may not be modified or amended except by written document signed by all parties hereto against whom such modification or amendment is to be enforced.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

OPPENHEIMER SHAREHOLDER SERVICES
(a division of Oppenheimer Management Corporation)

ATTEST:

By: _____
Barbara Hennigar, President and Chief Executive Officer

ROCHESTER FUNDS MUNICIPALS

ATTEST:

By: _____
Name: _____
Title: _____

EXHIBIT 11

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Statement of Additional Information constituting part of this Post-Effective Amendment No. 16 to the registration statement on Form N-1A (the "Registration Statement") of our report dated January 20, 1995, relating to the financial statements and schedule of financial highlights of Rochester Fund Municipals which appears in such Statement of Additional Information, and to the incorporation by reference of our report into the Prospectus which constitutes part of this Registration Statement. We also consent to the reference to us under the heading "Financial Highlights" in such Prospectus.

/s/ Price Waterhouse LLP
PRICE WATERHOUSE LLP

Rochester, New York
January 11, 1996

EXHIBIT 15

AMENDED AND RESTATED

SERVICE PLAN AND AGREEMENT

BETWEEN

ROCHESTER FUND MUNICIPALS AND

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

FOR CLASS A SHARES

AMENDED AND RESTATED SERVICE PLAN AND AGREEMENT dated the 4th day of January, 1996, by and between ROCHESTER FUND MUNICIPALS (the "Fund") and OPPENHEIMER FUNDS DISTRIBUTOR, INC. (the "Distributor").

1. THE PLAN. This Plan is the Fund's written service plan for its Class A Shares described in the Fund's registration statement as of the date this Plan takes effect, contemplated by and to comply with Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc., pursuant to which the Fund will reimburse the Distributor for a portion of its costs incurred in connection with the personal service and the maintenance of shareholder accounts ("Accounts") that hold Class A Shares (the "Shares") of such series and class of the Fund. The Fund may be deemed to be acting as distributor of securities of which it is the issuer, pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the "1940 Act"), according to the terms of this Plan. The Distributor is authorized under the Plan to pay "Recipients," as hereinafter defined, for rendering services and for the maintenance of Accounts. Such Recipients are intended to have certain rights as third-party beneficiaries under this Plan.

2. DEFINITIONS. As used in this Plan, the following terms shall have the following meanings:

- (a) "Recipient" shall mean any broker, dealer, bank or other person or entity which: (i) has rendered services in connection with the personal service and maintenance of Accounts; (ii) shall furnish the Distributor (on behalf of the Fund) with such information as the Distributor shall reasonably request to answer such questions as may arise concerning such service; and (iii) has been selected by the Distributor to receive payments under the Plan. Notwithstanding the foregoing, a majority of the Fund's Board of Trustees (the "Board") who are not "interested persons" (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of this Plan or in any agreements relating to this Plan (the "Independent Trustees") may remove any broker, dealer, bank or other person or

entity as a Recipient, whereupon such person or entity's rights as a third party beneficiary hereof shall terminate.

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- (b) "Qualified Holdings" shall mean, as to any Recipient, all Shares owned beneficially or of record by: (i) such Recipient, or (ii) such brokerage or other customers, or investment advisory or other clients of such Recipient and/or accounts as to which such Recipient is a fiduciary or custodian or co-fiduciary or co-custodian (collectively, the "Customers"), but in no event shall any such Shares be deemed owned by more than one Recipient for purposes of this Plan. In the event that more than one person or entity would otherwise qualify as Recipients as to the same Shares, the Recipient which is the dealer of record on the Fund's books shall be deemed the Recipient as to such Shares for purposes of this Plan.

3. PAYMENTS FOR DISTRIBUTION ASSISTANCE.

- (a) Under the Plan, the Fund will make payments to the Distributor, within forty-five (45) days of the end of each calendar quarter, in the amount of the lesser of: (i) .0625% (.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of the Shares computed as of the close of each business day, or (ii) the Distributor's actual expenses under the Plan for that quarter of the type approved by the Board. The Distributor will use such fee received from the Fund in its entirety to reimburse itself for payments to Recipients and for its other expenditures and costs of the type approved by the Board incurred in connection with the personal service and maintenance of Accounts including, but not limited to, the services described in the following paragraph. The Distributor may make Plan payments to any "affiliated person" (as defined in the 1940 Act) of the Distributor if such affiliated person qualifies as a Recipient.

The services to be rendered by the Distributor and Recipients in connection with the personal service and the maintenance of Accounts may include, but shall not be limited to, the following: answering routine inquiries from the Recipient's customers concerning the Fund, providing such customers with information on their investment in shares, assisting in the establishment and maintenance of accounts or sub-accounts in the Fund, making the Fund's investment plans and dividend payment options available, and providing such other information and customer liaison services and the maintenance of Accounts as the Distributor or the Fund may reasonably request. It may be presumed that a Recipient has provided services qualifying for

compensation under the Plan if it has Qualified Holdings of Shares to entitle it to payments under the Plan. In the event that either the Distributor or the Board should have reason to believe that, notwithstanding the level of Qualified Holdings, a Recipient may not be rendering appropriate services, then the Distributor, at the request of the Board, shall require the Recipient to provide a written report or other information to verify that said Recipient is providing appropriate services in this regard. If the Distributor still is not satisfied, it may take appropriate steps to terminate the Recipient's status as such under the Plan, whereupon such Recipient's rights as a third-party beneficiary hereunder shall terminate.

Payments received by the Distributor from the Fund under the Plan will not be used to pay any interest expense, carrying charge or other financial costs, or allocation of overhead of the Distributor, or for any other purpose other than for the payments described in this Section 3. The amount payable to the Distributor each quarter will be reduced to the

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extent that reimbursement payments otherwise permissible under the Plan have not been authorized by the Board of Trustees for that quarter. Any unreimbursed expenses incurred for any quarter by the Distributor may not be recovered in later periods.

- (b) The Distributor shall make payments to any Recipient quarterly, within forty-five (45) days of the end of each calendar quarter, at a rate not to exceed .0625% (.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of the Shares computed as of the close of each business day of Qualified Holdings (excluding Shares acquired in reorganizations with investment companies for which Oppenheimer Management Corporation or an affiliate acts as investment adviser and which have not adopted a distribution plan at the time of reorganization with the Fund). However, no such payments shall be made to any Recipient for any such quarter in which its Qualified Holdings do not equal or exceed, at the end of such quarter, the minimum amount ("Minimum Qualified Holdings"), if any, to be set from time to time by a majority of the Independent Trustees. A majority of the Independent Trustees may at any time or from time to time increase or decrease and thereafter adjust the rate of fees to be paid to the Distributor or to any Recipient, but not to exceed the rate set forth above, and/or increase or decrease the number of shares constituting Minimum Qualified Holdings. The Distributor shall notify all Recipients of the Minimum Qualified Holdings and the rate of payments hereunder applicable to Recipients, and shall provide each such Recipient with written notice within thirty (30) days after any

change in these provisions. Inclusion of such provisions or a change in such provisions in a revised current prospectus shall be sufficient notice.

- (c) Under the Plan, payments may be made to Recipients: (i) by Oppenheimer Management Corporation ("OMC") from its own resources (which may include profits derived from the advisory fee it receives from the Fund), or (ii) by the Distributor (a subsidiary of OMC), from its own resources.

4. SELECTION AND NOMINATION OF TRUSTEES. While this Plan is in effect, the selection or replacement of Independent Trustees and the nomination of those persons to be Trustees of the Fund who are not "interested persons" of the Fund shall be committed to the discretion of the Independent Trustees. Nothing herein shall prevent the Independent Trustees from soliciting the views or the involvement of others in such selection or nomination if the final decision on any such selection and nomination is approved by a majority of the incumbent Independent Trustees.

5. REPORTS. While this Plan is in effect, the Treasurer of the Fund shall provide at least quarterly a written report to the Fund's Board for its review, detailing the amount of all payments made pursuant to this Plan, the identity of the Recipient of each such payment, and the purposes for which the payments were made. The report shall state whether all provisions of Section 3 of this Plan have been complied with. The Distributor shall annually certify to the Board the amount of its total expenses incurred that year with respect to the personal service and maintenance of Accounts in conjunction with the Board's annual review of the continuation of the Plan.

6. RELATED AGREEMENTS. Any agreement related to this Plan shall be in writing and shall provide that: (i) such agreement may be terminated at any time, without payment of any penalty, by vote of

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a majority of the Independent Trustees or by a vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding Shares of the Class, on not more than sixty days written notice to any other party to the agreement; (ii) such agreement shall automatically terminate in the event of its "assignment" (as defined in the 1940 Act); (iii) it shall go into effect when approved by a vote of the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such agreement; and (iv) it shall, unless terminated as herein provided, continue in effect from year to year only so long as such continuance is specifically approved at least annually by the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance.

7. EFFECTIVENESS, CONTINUATION, TERMINATION AND AMENDMENT. This Plan has been approved by a vote of the Independent Trustees cast in person at a meeting called on October 16, 1995 for the purpose of voting on this Plan, and shall take effect after approved by Class A shareholders of the Fund, at which time it shall replace the Fund's Distribution Plan adopted May 1, 1992 and amended on May 1, 1993, July 22, 1993, May 1, 1994 and May 1, 1995. Unless terminated as hereinafter provided, it shall continue in effect from year to year from the date first set forth above or as the Board may otherwise determine only so long as such continuance is specifically approved at least annually by the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance. This Plan may be terminated at any time by vote of a majority of the Independent Trustees or by the vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding voting securities of the Class. This Plan may not be amended to increase materially the amount of payments to be made without approval of the Class A Shareholders, in the manner described above, and all material amendments must be approved by a vote of the Board and of the Independent Trustees.

8. SHAREHOLDER AND TRUSTEE LIABILITY DISCLAIMER. The Distributor understands and agrees that the obligations of the Fund under this Plan are not binding upon any shareholder or Trustee of the Fund personally, but only the Fund and the Fund's property. The Distributor represents that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming shareholder and Trustee liability for acts or obligations of the Fund.

ROCHESTER FUND MUNICIPALS

By: /s/ RONALD H. FIELDING

Ronald H. Fielding, Vice President

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

By /s/ ANDREW J. DONOHUE

Andrew J. Donohue, Executive Vice President

EXHIBIT 18

OPPENHEIMER FUNDS MULTIPLE CLASS PLAN

January 5, 1996

1. THE PLAN. This Plan is the written multiple class plan for each of the open-end management investment companies (individually the "Fund" and collectively the "Funds") named on Exhibit A hereto, which exhibit may be revised from time to time, for OppenheimerFunds Distributor, Inc. (the "Distributor"), the general distributor of shares of the Funds and for OppenheimerFunds, Inc. (the "Advisor"), the investment advisor of the Funds. In instances where such investment companies issue shares representing interests in different portfolios ("Series"), the term "Fund" and "Funds" shall separately refer to each Series. It is the written plan contemplated by Rule 18f-3 (the "Rule") under the Investment Company Act of 1940 (the "1940 Act"), pursuant to which the Funds may issue multiple classes of shares. The terms and provisions of this Plan shall be interpreted and defined in a manner consistent with the provisions and definitions contained in the Rule.

2. SIMILARITIES AND DIFFERENCES AMONG CLASSES. Each Fund offering shares of more than one class agrees that each class of that Fund:

(1) (i) shall have a separate service plan or distribution and service plan ("12b-1 Plan"), and shall pay all of the expenses incurred pursuant to that arrangement; and (ii) may pay a different share of expenses ("Class Expenses") if such expenses are actually incurred in a different amount by that class, or if the class receives services of a different kind or to a different degree than that of other classes. Class Expenses are those expenses specifically attributable to the particular class of shares, namely (a) 12b-1 Plan fees, (b) transfer and shareholder servicing agent fees and administrative service fees, (c) shareholder meeting expenses, (d) blue sky and SEC registration fees and (e) any other incremental

expenses subsequently identified that should be allocated to one class which shall be approved by a vote of that Fund's Board of Directors, Trustees or Managing General Partners (the "Directors"). Expenses identified in Items (c) through (e) may involve issues relating either to a specific class or to the entire Fund; such expenses constitute Class Expenses only when they are attributable to a specific class. Because Class Expenses may be accrued at different rates for each class of a single Fund, dividends distributable to shareholders and net asset values per share may differ for shares of different classes of the same Fund.

(2) shall have exclusive voting rights on any matters that relate solely to that class's arrangements, including without limitation voting with respect to a 12b-1 Plan for that class;

(3) shall have separate voting rights on any matter submitted to shareholders in which the interests of one class differ from the interests of any other class;

(4) may have a different arrangement for shareholder services, including different sales charges, sales charge waivers, purchase and redemption features, exchange privileges, loan privileges, the availability of certificated shares and/or conversion features; and

(5) shall have in all other respects the same rights and obligations as each other class.

3. ALLOCATIONS OF INCOME, CAPITAL GAINS AND LOSSES AND EXPENSES. The methodologies and procedures for allocating expenses, as set forth in "Methodology for Net Asset Value (NAV) and Dividend and Distribution Determinations for Oppenheimer Funds with Multiple Classes of Shares" are re-approved. Income, realized and unrealized capital gains and losses, and expenses of each Fund other than Class Expenses allocated to a particular class shall be allocated to each class on the basis of the net asset value of that class in relation to the net asset value of that Fund, except as follows: For Funds operating under 1940 Act Rule 2a-7, such allocations shall be made on the basis of relative net

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assets (settled shares) [net assets valued in accordance with generally accepted accounting principles but excluding the value of subscriptions receivable] in relation to the net assets of that Fund.

4. EXPENSE WAIVERS AND REIMBURSEMENTS. From time to time the Advisor may voluntarily undertake to (i) waive any portion of the management fee charged to a Fund, and/or (ii) reimburse any portion of the expenses of a Fund or of one or more of its classes, but is not required to do so or to continue to do so for any period of time. The quarterly report by the Advisor to the Directors of Fund expense reimbursements shall disclose any reimbursements that are not equal for all classes of the same Fund.

5. CONVERSIONS OF SHARES. Any Fund may offer a conversion feature whereby shares of one class ("Purchase Class Shares") will convert automatically to shares of another class ("Target Class Shares") of that Fund, after being held for a requisite period ("Matured Purchase Class Shares"), pursuant to the terms and conditions of that Fund's Prospectus and/or Statement of Additional Information. Upon conversion of Matured Purchase Class Shares, all Purchase Class Shares of that Fund acquired by reinvestment of dividends or distributions of such Matured

Purchase Class Shares shall also be converted at that time. Purchase Class Shares will convert into Target Class Shares of that Fund on the basis of the relative net asset values of the two classes, without the imposition of any sales load, fee or other charge. The conversion feature shall be offered for so long as (i) the expenses to which Target Class Shares of a Fund are subject, including payments authorized under that Fund's Target Class 12b-1 plan, are not higher than the expenses of Purchase Class Shares of that Fund, including payments authorized under that Fund's Purchase Class 12b-1 plan; (ii) there continues to be available a ruling from the Internal Revenue Service, or of an opinion of counsel or of an opinion of an auditing firm serving as tax adviser, to the effect that the conversion of Purchase Class Shares to Target Class

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Shares does not constitute a taxable event for the holder; and (iii) if the amount of expenses to which Target Class Shares of a Fund are subject, including payments authorized under that Fund's Target Class 12b-1 plan, is increased materially without approval of the shareholders of Purchase Class Shares of that Fund, that Fund will establish a new class of shares ("New Target Class Shares") and shall take such other action as is necessary to provide that existing Purchase Class Shares are exchanged or converted into New Target Class Shares, identical in all material respects to Target Class Shares as they existed prior to implementation of the proposal to increase expenses, no later than the date such shares previously were scheduled to convert into Target Class Shares.

6. DISCLOSURE. The classes of shares to be offered by each Fund, and the initial, asset-based or contingent deferred sales charges and other material distribution arrangements with respect to such classes, shall be disclosed in the prospectus and/or statement of additional information used to offer that class of shares. Such prospectus or statement of additional information shall be supplemented or amended to reflect any change(s) in classes of shares to be offered or in the material distribution arrangements with respect to such classes.

7. INDEPENDENT AUDIT. The methodology and procedures for calculating the net asset value, dividends and distributions of each class shall be reviewed by an independent auditing firm (the "Expert"). At least annually, the Expert, or an appropriate substitute expert, will render a report to the Funds on policies and procedures placed in operation and tests of operating effectiveness as defined and described in SAS 70 of the AICPA.

8. OFFERS AND SALES OF SHARES. The Distributor will maintain compliance standards as to when each class of shares may appropriately be sold to particular investors, and will require all persons selling shares of the Funds to agree to conform to such standards.

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9. RULE 12B-1 PAYMENTS. The Treasurer of each Fund shall provide to the Directors of that Fund, and the Directors shall review, at least quarterly, the written report required by that Fund's 12b-1 Plan, if any. The report shall include information on (i) the amounts expended pursuant to the 12b-1 Plan, (ii) the purposes for which such expenditures were made and (iii) the amount of the Distributor's unreimbursed distribution costs (if recovery of such costs in future periods is permitted by that 12b-1 Plan), taking into account 12b-1 Plan payments and contingent deferred sales charges paid to the Distributor.

10. CONFLICTS. On an ongoing basis, the Directors of the Funds, pursuant to their fiduciary responsibilities under the 1940 Act and otherwise, will monitor the Funds for the existence of any material conflicts among the interests of the classes. The Advisor and the Distributor will be responsible for reporting any potential or existing conflicts to the Directors. In the event a conflict arises, the Directors shall take such action as they deem appropriate.

11. EFFECTIVENESS AND AMENDMENT. This Plan takes effect for each Fund as of the date of adoption shown below for that Fund, whereupon the Funds are released from the terms and conditions contained in their respective exemptive applications pursuant to which orders were issued exempting the respective Funds from the provisions of Sections 2(a)(32), 2(a)(35), 18(f), 18(g), 18(i), 22(c) and 22(d) of the 1940 Act and Rule 22c-1 thereunder, or from their respective previous multiple class plan. (1) This Plan has been approved by a majority vote of the Board of each Fund and of each Fund's Board members who are not "interested persons" (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of the Plan or any agreements

(1) Oppenheimer Management Corp. et al., Release IC-19821, 10/28/93 (notice) and Release IC-19894, 11/23/93 (order), and Quest for Value Fund, Inc. et al., Release IC-19605, 7/30/93 (notice) and Release IC-19656, 8/25/93 (order); Rochester Funds Multiple Class Plan.

relating to the Plan (the "Independent Trustees") of each Fund at meetings called for (i) the Denver Oppenheimer Funds listed on Exhibit A on October 24, 1995, (ii) the New York Oppenheimer Funds listed on Exhibit A on October 5, 1995, (iii) the Quest Oppenheimer Funds listed on Exhibit A on November 28, 1995, and (iv) the Rochester Oppenheimer Funds listed on Exhibit A on January 10, 1996, in each case for the purpose of voting on this Plan. Prior to that vote, (i) each Board was furnished by the methodology used for net asset value

and dividend and distribution determinations for the Funds, and (ii) a majority of each Board and its Independent Trustees determined that the Plan as proposed to be adopted, including the expense allocation, is in the best interests of each Fund as a whole and to each class of each Fund individually. Prior to any material amendment to the Plan, each Board shall request and evaluate, and OFDI shall furnish, such information as may be reasonably necessary to evaluate such amendment, and a majority of each Board and its Independent Trustees shall find that the Plan as proposed to be amended, including the expense allocation, is in the best interest of each class, each Fund as a whole and each class of each Fund individually.

12. Disclaimer of Shareholder and Trustee Liability. The Distributor understands that the obligations under this Plan of each Fund that is organized as a Massachusetts business trust are not binding upon any Trustee or shareholder of such Fund personally, but bind only that Fund and the Fund's property. The Distributor represents that it has notice of the provisions of the Declarations of

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Trust of such Funds disclaiming shareholder and Trustee liability for acts or obligations of the Funds.

Adopted by the Boards of the Denver Oppenheimer Funds on October 24, 1995.

/s/ Andrew J. Donohue

Andrew J. Donohue, Vice President
Denver Oppenheimer Funds

Adopted by the Boards of the New York Oppenheimer Funds on October 5, 1995.

/s/ Andrew J. Donohue

Andrew J. Donohue, Secretary
New York Oppenheimer Funds

Adopted by the Boards of the Quest Oppenheimer Funds on November 28, 1995.

/s/ Andrew J. Donohue

Andrew J. Donohue, Secretary
Quest Oppenheimer Funds

Adopted by the Boards of the Rochester Oppenheimer Funds on January 10, 1996.

EXHIBIT A

1. DENVER OPPENHEIMER FUNDS

Oppenheimer Cash Reserves
Oppenheimer Champion Income Fund
Oppenheimer Equity Income Fund
Oppenheimer Limited-Term Government Fund
Oppenheimer Integrity Funds (consisting of the following 2 series):
 Oppenheimer Bond Fund
 Oppenheimer Value Stock Fund
Oppenheimer High Yield Fund
Oppenheimer Main Street Funds, Inc.
 (consisting of the following 2 series):
 Oppenheimer Main Street Income & Growth Fund
 Oppenheimer Main Street California Tax-Exempt Fund
Oppenheimer Strategic Funds Trust
 (consisting of the following series):
 Oppenheimer Strategic Income Fund
Oppenheimer Strategic Income & Growth Fund
Oppenheimer Tax-Exempt Fund
 (consisting of the following 2 series):
 Oppenheimer Insured Tax-Exempt Fund
 Oppenheimer Intermediate Tax-Exempt Fund
Oppenheimer Total Return Fund, Inc.

2. NEW YORK OPPENHEIMER FUNDS

Oppenheimer Asset Allocation Fund
Oppenheimer California Tax-Exempt Fund
Oppenheimer Discovery Fund
Oppenheimer Enterprise Fund
Oppenheimer Global Emerging Growth Fund
Oppenheimer Global Fund
Oppenheimer Global Growth & Income Fund
Oppenheimer Gold & Special Minerals Fund
Oppenheimer Growth Fund
Oppenheimer Fund
Oppenheimer International Equity Fund
Oppenheimer Multi-State Tax-Exempt Trust
 (consisting of the following 3 series):
 Oppenheimer Florida Tax-Exempt Fund

Oppenheimer New Jersey Tax-Exempt Fund
Oppenheimer Pennsylvania Tax-Exempt Fund
Oppenheimer New York Tax-Exempt Fund
Oppenheimer Target Fund
Oppenheimer Tax-Free Bond Fund

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Oppenheimer U.S. Government Trust

3. QUEST OPPENHEIMER FUNDS

Oppenheimer Quest Value Fund, Inc.

Oppenheimer Quest for Value Funds

(consisting of the following 4 series:)

Oppenheimer Quest Opportunity Value Fund

Oppenheimer Quest Small Cap Value Fund

Oppenheimer Quest Value Growth & Income Fund

Oppenheimer Quest Officers Value Fund

Oppenheimer Quest Global Value Fund, Inc.

4. ROCHESTER OPPENHEIMER FUNDS

Rochester Fund Series - The Bond Fund for Growth

Rochester Fund Municipals

Rochester Portfolio Series - Limited Term New York Municipal Fund

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EXHIBIT 19

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue, Robert G. Zack or Merryl Hoffman, and each of them, her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for her and in her capacity as Chairman of the Board of Trustees, President (Principal Executive Officer) and Trustee of ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), to sign on her behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of January, 1996.

/s/ BRIDGET A. MACASKILL

Bridget A. Macaskill

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue, Robert G. Zack or Merryl Hoffman, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as Trustee of ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in

person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of January, 1996.

/s/ PAUL Y. CLINTON

Paul Y. Clinton

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue, Robert G. Zack or Merryl Hoffman, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as Treasurer (Principal Financial and Accounting Officer) of ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of January, 1996.

/s/ GEORGE C. BOWEN

George C. Bowen

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue, Robert G. Zack or Merryl Hoffman, and each of them, his true and lawful attorneys-in-fact and agents, with full power of

substitution and resubstitution, for him and in his capacity as Trustee of ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of January, 1996.

/s/ THOMAS W. COURTNEY

Thomas W. Courtney

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue, Robert G. Zack or Merryl Hoffman, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as Trustee of ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of January, 1996.

/s/ GEORGE LOFT

George Loft

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue, Robert G. Zack or Merryl Hoffman, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as Trustee of ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of January, 1996.

/s/ LACY B. HERRMANN

Lacy B. Herrmann

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue, Robert G. Zack or Merryl Hoffman, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as Trustee of ROCHESTER FUND MUNICIPALS, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the

premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of January, 1996.

/s/ JOHN CANNON

John Cannon