

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

PREMIER CALIFORNIA INSURED MUNICIPAL BOND FUND

CIK: **902976** | IRS No.: **133713968** | State of Incorporation: **MA** | Fiscal Year End: **1231**
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Mailing Address

*144 GLENN CURTISS BLVD
144 GLENN CURTISS BLVD
UNIONDALE NY 11556-0144*

Business Address

*200 PARK AVE
C/O DREYFUS CORP
NEW YORK NY 10166*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [X]

Pre-Effective Amendment No. []

Post-Effective Amendment No. 2 [X]

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [X]

Amendment No. 2 [X]

(Check appropriate box or boxes.)

PREMIER INSURED MUNICIPAL BOND FUND
(Formerly, Premier California Insured Municipal Bond Fund)
(Exact Name of Registrant as Specified in Charter)c/o The Dreyfus Corporation
200 Park Avenue, New York, New York 10166
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (212) 922-6000

Daniel C. Maclean III, Esq.
200 Park Avenue
New York, New York 10166
(Name and Address of Agent for Service)

It is proposed that this filing will become effective (check appropriate box)

immediately upon filing pursuant to paragraph (b) of Rule 485X on February 14, 1994 pursuant to paragraph (b) of Rule 485

60 days after filing pursuant to paragraph (a) of Rule 485-----
on (date) pursuant to paragraph (a) of Rule 485

Registrant has registered an indefinite number of shares of beneficial interest under the Securities Act of 1933 pursuant to Section 24(f) of the Investment Company Act of 1940. Registrant's Rule 24f-2 Notice for the fiscal year ended July 31, 1994 will be filed on or about September 22, 1994.

PREMIER INSURED MUNICIPAL BOND FUND
Cross-Reference Sheet Pursuant to Rule 495(a)

Items in Part A of Form N-1A	Caption	Page
1	Cover Page	Cover
2	Synopsis	3
3	Condensed Financial Information	5
4	General Description of Registrant	6
5	Management of the Fund	21

6	Capital Stock and Other Securities	38
7	Purchase of Securities Being Offered	22
8	Redemption or Repurchase	28
9	Pending Legal Proceedings	*

Items in
Part B of
Form N-1A

10	Cover Page	Cover
11	Table of Contents	Cover
12	General Information and History	B-29
13	Investment Objectives and Policies	B-2
14	Management of the Fund	B-10
15	Control Persons and Principal Holders of Securities	B-10
16	Investment Advisory and Other Services	B-14

NOTE: * Omitted since answer is negative or inapplicable.

PREMIER INSURED MUNICIPAL BOND FUND
Cross-Reference Sheet Pursuant to Rule 495(a) (continued)

Items in Part B of Form N-1A	Caption	Page
17	Brokerage Allocation	B-27
18	Capital Stock and Other Securities	B-29
19	Purchase, Redemption and Pricing of Securities Being Offered	B-16
20	Tax Status	*
21	Underwriters	B-25
22	Calculations of Performance Data	B-27
23	Financial Statements	B-76

Items in
Part C of

24	Financial Statements and Exhibits	C-1
25	Persons Controlled by or Under Common Control with Registrant	C-3
26	Number of Holders of Securities	C-3
27	Indemnification	C-3
28	Business and Other Connections of Investment Adviser	C-5
29	Principal Underwriters	C-29
30	Location of Accounts and Records	C-37
31	Management Services	C-37
32	Undertakings	C-37

NOTE: * Omitted since answer is negative or inapplicable.

February 14, 1994

PREMIER INSURED MUNICIPAL BOND FUND
Supplement to Prospectus Dated February 14, 1994

The following information supplements and should be read in conjunction with the section of the Fund's Prospectus entitled "Management of the Fund."

The Fund's manager, The Dreyfus Corporation ("Dreyfus"), has entered into an Agreement and Plan of Merger providing for the merger of Dreyfus with a subsidiary of Mellon Bank Corporation ("Mellon").

Following the merger, it is planned that Dreyfus will be a direct subsidiary of Mellon Bank, N.A. Closing of this merger is subject to a number of contingencies, including the receipt of certain regulatory approvals and the approvals of the stockholders of Dreyfus and of Mellon. The merger is expected to occur in mid-1994, but could occur significantly later.

Because the merger will constitute an "assignment" of the Fund's Management Agreement with Dreyfus under the Investment Company Act of 1940 and thus, a termination of such Agreement, Dreyfus will seek prior approval from the Fund's Board and shareholders.

(Dreyfus Lion Logo)
PREMIER INSURED MUNICIPAL BOND FUND

PROSPECTUS

FEBRUARY 14, 1994

Premier Insured Municipal Bond Fund (the "Fund") is an open-end, management investment company, known as a mutual fund. Its goal is to maximize current income exempt from Federal and, where applicable, from State personal income taxes to the extent consistent with the preservation of capital.

The Fund permits you to invest in any of six separate non-diversified portfolios (each, a "Series"): the National Series, the California Series, the Connecticut Series, the Florida Series, the New Jersey Series and the New York Series. Each Series will invest primarily in a portfolio of Municipal Obligations (as defined below) that are insured as to the timely

payment of principal and interest by recognized insurers of Municipal Obligations. Each Series, other than the National Series will invest primarily in Municipal Obligations issued by issuers in the State after which it is named. It is anticipated that substantially all dividends paid by each Series will be exempt from Federal income tax and also, where applicable, will be exempt from the personal income tax of the State after which the Series is named.

By this Prospectus, Class A and Class B shares of each Series are being offered. Class A shares are subject to a sales charge imposed at the time of purchase and Class B shares are subject to a contingent deferred sales charge imposed on redemptions made within five years of purchase. Other differences between the two Classes include the services offered to and the expenses borne by each Class and certain voting rights, as described herein. The Fund offers these alternatives to permit an investor to choose the method of purchasing shares that is most beneficial given the amount of the purchase, the length of time the investor expects to hold the shares and other circumstances.

The Fund provides free redemption checks with respect to Class A shares, which you can use in amounts of \$500 or more for cash or to pay bills. You can purchase or redeem Fund shares by telephone using the TELETRANSFER Privilege.

The Dreyfus Corporation will professionally manage the Fund's portfolio.

 This Prospectus sets forth concisely information about the Fund that you should know before investing. It should be read and retained for future reference.

Part B (also known as the Statement of Additional Information), dated February 14, 1994, which may be revised from time to time, provides a further discussion of certain areas in this Prospectus and other matters which may be of interest to some investors. It has been filed with the Securities and Exchange Commission and is incorporated herein by reference. For a free copy, write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or call 1-800-554-4611. When telephoning, ask for Operator 666.

 THE FUND'S SHARES ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY BANK, AND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY. EACH SERIES' SHARES INVOLVE CERTAIN INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. EACH SERIES' SHARE PRICE, YIELD AND INVESTMENT RETURN FLUCTUATE AND ARE NOT GUARANTEED.

 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

TABLE OF CONTENTS

Fee Table.....	3
Condensed Financial Information.....	5
Alternative Purchase Methods.....	5
Description of the Fund.....	6
Management of the Fund.....	21
How to Buy Fund Shares.....	22
Shareholder Services.....	25
How to Redeem Fund Shares.....	28
Distribution Plan and Shareholder Services Plan.....	32
Dividends, Distributions and Taxes.....	33
Performance Information.....	37
General Information.....	38

FEE TABLE
 <TABLE>
 <CAPTION>

NATIONAL SERIES		CONNECTICUT SERIES	
-----	-----	-----	-----
CLASS A	CLASS B	CLASS A	CLASS B
-----	-----	-----	-----

SHAREHOLDER TRANSACTION EXPENSES

<S>	<C>	<C>	<C>	<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	4.50%	--	4.50%	--
Maximum Deferred Sales Charge Imposed on Redemption (as a percentage of the amount subject to charge)....	--	3.00%	--	3.00%
ANNUAL FUND OPERATING EXPENSES (as a percentage of average daily net assets)				
Management Fees.....	.55%	.55%	.55%	.55%
12b-1 Fees.....	--	.50%	--	.50%
Service Fees.....	.25%	.25%	.25%	.25%
Other Expenses.....	.15%	.15%	.15%	.15%
Total Series Operating Expenses.....	.95%	1.45%	.95%	1.45%

EXAMPLE

An investor would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) except where noted, redemption at the end of each time period:

	CLASS A	CLASS B	CLASS A	CLASS B
	-----	-----	-----	-----
1 YEAR.....	\$54	\$45/\$15*	\$54	\$45/\$15*
3 YEARS.....	\$74	\$66/\$46*	\$74	\$66/\$46*

*Assuming no redemption of Class B shares.

	FLORIDA SERIES		CALIFORNIA SERIES	
	CLASS A	CLASS B	CLASS A	CLASS B
	-----	-----	-----	-----
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	4.50%	--	4.50%	--
Maximum Deferred Sales Charge Imposed on Redemption (as a percentage of the amount subject to charge)....	--	3.00%	--	3.00%
ANNUAL FUND OPERATING EXPENSES (as a percentage of average daily net assets)				
Management Fees.....	.55%	.55%	.55%	.55%
12b-1 Fees.....	--	.50%	--	.50%
Service Fees.....	.25%	.25%	.25%	.25%
Other Expenses.....	.15%	.15%	.15%	.15%
Total Series Operating Expenses.....	.95%	1.45%	.95%	1.45%

EXAMPLE

An investor would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) except where noted, redemption at the end of each time period:

	CLASS A	CLASS B	CLASS A	CLASS B
	-----	-----	-----	-----
1 YEAR.....	\$54	\$45/\$15*	\$54	\$45/\$15*
3 YEARS.....	\$74	\$66/\$46*	\$74	\$66/\$46*

*Assuming no redemption of Class B shares.

(3)

	NEW JERSEY SERIES		NEW YORK SERIES	
	CLASS A	CLASS B	CLASS A	CLASS B
	-----	-----	-----	-----
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	4.50%	--	4.50%	--
Maximum Deferred Sales Charge Imposed on Redemption (as a percentage of the amount subject to charge)....	--	3.00%	--	3.00%

ANNUAL FUND OPERATING EXPENSES

(as a percentage of average daily net assets)

Management Fees.....	.55%	.55%	.55%	.55%
12b-1 Fees.....	--	.50%	--	.50%
Service Fees.....	.25%	.25%	.25%	.25%
Other Expenses.....	.15%	.15%	.15%	.15%
Total Series Operating Expenses.....	.95%	1.45%	.95%	1.45%

EXAMPLE

An investor would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) except where noted, redemption at the end of each time period:

	CLASS A	CLASS B	CLASS A	CLASS B
	-----	-----	-----	-----
1 YEAR.....	\$54	\$45/\$15*	\$54	\$45/\$15*
3 YEARS.....	\$74	\$66/\$46*	\$74	\$66/\$46*

*Assuming no redemption of Class B shares.

</TABLE>

 THE AMOUNTS LISTED IN THE EXAMPLE SHOULD NOT BE CONSIDERED AS REPRESENTATIVE OF PAST OR FUTURE EXPENSES AND ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE INDICATED. MOREOVER, WHILE THE EXAMPLE ASSUMES A 5% ANNUAL RETURN, EACH SERIES' ACTUAL PERFORMANCE WILL VARY AND MAY RESULT IN AN ACTUAL RETURN GREATER OR LESS THAN 5%.

 The purpose of the foregoing table is to assist you in understanding the various costs and expenses that investors will bear, directly or indirectly, the payment of which will reduce investors' return on an annual basis. Other Expenses and Total Series Operating Expenses are based on estimated amounts for the current fiscal year. Long-term investors in Class B shares could pay more in 12b-1 fees than the economic equivalent of paying a front-end sales charge. The information in the foregoing table does not reflect any fee waivers or expense reimbursement arrangements that may be in effect. Certain Service Agents (as defined below) may charge their clients direct fees for effecting transactions in the relevant Series' shares; such fees are not reflected in the foregoing table. See "Management of the Fund," "How to Buy Fund Shares" and "Distribution Plan and Shareholder Services Plan ."

(4)

CONDENSED FINANCIAL INFORMATION

The table below sets forth certain information covering the California Series investment results for the period indicated. Further financial data and related notes are included in the Statement of Additional Information, available upon request. No financial data are available for the Connecticut Series, the Florida Series, the National Series, the New Jersey Series and the New York Series, which had not commenced operation as of the date of this prospectus.

FINANCIAL HIGHLIGHTS

Contained below is per share operating performance data for a share of beneficial interest outstanding, total investment return, ratios to average net assets and other supplemental data for the period August 19, 1993 (commencement of operations) to December 31, 1993. This information has been derived from information provided in the Fund's financial statements.

<TABLE>

<CAPTION>

PER SHARE DATA:	CLASS A	CLASS B
	SHARES	SHARES
	-----	-----
<S>	<C>	<C>
Net asset value, beginning of period.....	\$12.50	\$12.50

INVESTMENT OPERATION:		
Investment income-net.....	.25	.22
Net unrealized gain on investments.....	.25	.26
	-----	-----
TOTAL FROM INVESTMENT OPERATIONS.....	.50	.48
	-----	-----
DISTRIBUTIONS;		
Dividends from investment income-net.....	(.25)	(.22)
	-----	-----
Net asset value, end of period.....	\$12.75	\$12.76
	=====	=====

TOTAL INVESTMENT RETURN(1) (2) 3.99% 3.87%

RATIOS/SUPPLEMENTAL DATA:

Ratio of expenses to average net assets(2).....	--	.50%
Ratio of net investment income to average net assets(2).....	5.04%	4.65%
Decrease reflected in above ratios due to undertakings by The Dreyfus Corporation (limited to the expense limitation provision of the Management Agreement) (2).....	2.50%	2.50%
Portfolio Turnover Rate(3).....	--	--
Net Assets, end of period (000's Omitted).....	\$1,049	\$1,422

- (1) Exclusive of sales charge.
(2) Annualized.
(3) Not annualized.

</TABLE>

Further information about the Fund's performance will be contained in the Fund's annual report for the fiscal year ending July 31, 1994, which will be available approximately the end of September 1994 and may be obtained without charge by writing to the address or calling the number set forth on the cover page of this prospectus.

ALTERNATIVE PURCHASE METHODS

The Fund offers you two methods of purchasing each Series' shares; you may choose the Class of shares that best suits your needs, given the amount of your purchase, the length of time you expect to hold your shares and any other relevant circumstances. Each Class A and Class B share of a Series represents an identical pro rata interest in that Series' investment portfolio.

As to each Series, Class A shares are sold at net asset value per share plus a maximum initial sales charge of 4.50% of the public offering price imposed at the time of purchase. The initial sales charge may be reduced or waived for certain purchases. See "How to Buy Fund Shares_Class A Shares." These shares are subject to an annual service fee at the rate of .25 of 1% of the value of the average daily net assets of Class A. See "Distribution Plan and Shareholder Services Plan-Shareholder Services Plan ."

(5)

As to each Series, Class B shares are sold at net asset value per share with no initial sales charge at the time of purchase; as a result, the entire purchase price is immediately invested in the Series. Class B shares are subject to a maximum 3% contingent deferred sales charge ("CDSC"), which is assessed only if you redeem Class B shares within five years of purchase. See "How to Buy Fund Shares-Class B Shares" and "How to Redeem Fund Shares-Contingent Deferred Sales Charge-Class B Shares." These shares also are subject to an annual service fee at the rate of .25 of 1% of the value of the average daily net assets of Class B. In addition, Class B shares are subject to an annual distribution fee at the rate of .50 of 1% of the value of the average daily net assets of Class B. See "Distribution Plan and Shareholder Services Plan - Distribution Plan." The distribution fee paid by Class B will cause such Class to have a higher expense ratio and to pay lower dividends than Class A. Approximately six years after the date of purchase, Class B shares of a Series automatically will convert to Class A shares of such Series, based on the relative net asset values for shares of each Class, and will no longer be subject to the distribution fee. Class B shares that have been acquired through the reinvestment of dividends and distributions will be converted on a pro rata basis together with other Class B shares, in the proportion that a shareholder's Class B shares converting to Class A shares bears to the total Class B shares not acquired through the reinvestment of dividends and distributions.

You should consider whether, during the anticipated life of your investment in the Fund, the accumulated distribution fee and CDSC on

Class B shares prior to conversion would be less than the initial sales charge on Class A shares purchased at the same time, and to what extent, if any, such differential would be offset by the return of Class A. In this regard, generally, Class B shares may be more appropriate for investors who invest less than \$100,000 in Fund shares. Additionally, investors qualifying for reduced initial sales charges who expect to maintain their investment for an extended period of time might consider purchasing Class A shares because the accumulated continuing distribution fees on Class B shares may exceed the initial sales charge on Class A shares during the life of the investment. Generally, Class A shares may be more appropriate for investors who invest \$250,000 or more in Fund shares.

DESCRIPTION OF THE FUND

GENERAL

The Fund is a "series fund," which is a mutual fund divided into separate portfolios. Each portfolio is treated as a separate entity for certain matters under the Investment Company Act of 1940 and for other purposes, and a shareholder of one Series is not deemed to be a shareholder of any other Series. As described below, for certain matters Fund shareholders vote together as a group; as to others they vote separately by Series. When used herein, the term "State" refers to the State, if applicable, after which a Series is named.

INVESTMENT OBJECTIVE

The Fund's goal is to maximize current income exempt from Federal income tax and, where applicable, from State personal income taxes for residents of the States of California, Connecticut, Florida, New Jersey and New York, to the extent consistent with the preservation of capital. To accomplish this goal, each Series will invest primarily in debt securities issued by States, territories and possessions of the United States and the District of Columbia and their political subdivisions, authorities and corporations, the interest from which is, in the opinion of bond counsel to the issuer, exempt from Federal income taxes ("Municipal Obligations") that are insured as to the timely payment of principal and interest by recognized insurers of Municipal Obligations. In addition, the California Series, the Connecticut Series, the Florida Series, the New Jersey Series and the New York Series (collectively, the "State Series") will invest primarily in such Municipal Obligations of the State after which the relevant Series is named the interest from which is, in the opinion of bond counsel to the issuer, exempt from Federal and, if applicable, such State's personal income taxes (collectively, "State Municipal Obligations" or when the context so requires, "California Municipal Obligations," "Connecticut Municipal Obligations," "Florida Municipal

(6)

Obligations," etc.). To the extent acceptable insured State Municipal Obligations at any time are unavailable for investment, a State Series will invest temporarily in State Municipal Obligations that are not subject to insurance, insured Municipal Obligations and/or other debt securities the interest from which is, in the opinion of bond counsel to the issuer, exempt from Federal, but not State, income tax. With respect to the National Series, to the extent acceptable insured Municipal Obligations at any time are unavailable for investment, such Series will invest temporarily in Municipal Obligations that are not subject to insurance and/or other debt securities the interest from which is, in the opinion of bond counsel to the issuer, exempt from Federal income tax. Each Series' investment objective cannot be changed without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of such Series' outstanding voting shares. There can be no assurance that the Series' investment objective will be achieved.

MUNICIPAL OBLIGATIONS

Municipal Obligations generally include debt obligations issued to obtain funds for various public purposes as well as certain industrial development bonds issued by or on behalf of public authorities. Municipal Obligations are classified as general obligation bonds, revenue bonds and notes. 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 from the revenue derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source, but not from the general taxing power. Tax exempt industrial development bonds, in most cases, are revenue bonds that do not carry the pledge of the credit of the issuing municipality, but generally are guaranteed by the corporate entity on whose behalf they are issued. Notes are short-term instruments which are obligations of the issuing municipalities or agencies and are sold in anticipation of a bond sale, collection of taxes or receipt of other revenues. Municipal Obligations include municipal lease/purchase agreements which are similar to installment purchase contracts for

property or equipment issued by municipalities. Municipal Obligations bear fixed, floating or variable rates of interest which are determined in some instances by formulas under which the Municipal Obligation's interest rate will change directly or inversely to changes in interest rates of an index, or multiples thereof, in many cases subject to a maximum and minimum. Certain Municipal Obligations are subject to redemption at a date earlier than their stated maturity pursuant to call options, which may be separated from the related Municipal Obligation and purchased and sold separately.

MANAGEMENT POLICIES

It is a fundamental policy of the Fund that it will invest at least 80% of the value of each Series' net assets (except when maintaining a temporary defensive position) in Municipal Obligations. Generally, at least 65% of the value of each Series' net assets (except when maintaining a temporary defensive position) will be invested in bonds and debentures that are insured Municipal Obligations which, with respect to the State Series, are issued by issuers in the State after which such Series is named. See "Insurance Feature" and "Risk Factors_ Investing in State Municipal Obligations" below, and "Dividends, Distributions and Taxes." No Series will be limited in the maturities of the securities in which it will invest; currently the longest available maturity of Municipal Obligations is 40 years.

Municipal Obligations purchased by each Series will be rated no lower than Baa by Moody's Investors Service, Inc. ("Moody's") or BBB by Standard & Poor's Corporation ("S&P") or Fitch Investors Service, Inc. ("Fitch"). Municipal Obligations rated BBB by S&P or Fitch or Baa by Moody's are considered investment grade obligations; those rated BBB by S&P or Fitch are regarded as having an adequate capacity to pay principal and interest, while those rated Baa by Moody's are considered medium grade obligations which lack outstanding investment characteristics and have speculative characteristics. See "Appendix B" in the Statement of Additional Information. Each Series also may invest in securities which, while not rated, are determined by The Dreyfus Corporation to be of comparable quality to the rated securities in which the Series may invest. Each Series also may invest in Taxable

(7)

Investments of the quality described below. Under normal market conditions, the weighted average maturity of each Series' portfolio is expected to exceed ten years.

In addition to usual investment practices, the Fund, on behalf of a Series, may use speculative investment techniques such as short-selling and lending portfolio securities. Each Series also may purchase, hold or deal in futures contracts and options on futures contracts, as permitted by applicable law. See "Investment Techniques" below, and "Dividends, Distributions and Taxes."

Each Series may invest more than 25% of the value of its total assets in Municipal Obligations which are related in such a way that an economic, business or political development or change affecting one such security also would affect the other securities; for example, securities the interest upon which is paid from revenues of similar types of projects or, with respect to the National Series also, securities whose issuers are located in the same state. As a result, each Series may be subject to greater risk as compared to a fund that does not follow this practice.

From time to time, a Series may invest more than 25% of the value of its total assets in industrial development bonds which, although issued by industrial development authorities, may be backed only by the assets and revenues of the non-governmental users. Interest on Municipal Obligations (including certain industrial development bonds) which are specified private activity bonds, as defined in the Internal Revenue Code of 1986, as amended (the "Code"), issued after August 7, 1986, while exempt from Federal income tax, is a preference item for the purpose of the alternative minimum tax. Where a regulated investment company receives such interest, a proportionate share of any exempt-interest dividend paid by the investment company may be treated as such a preference item to shareholders. Each Series may invest without limitation in such Municipal Obligations if The Dreyfus Corporation determines that their purchase is consistent with the Fund's investment objective. See "Risk Factors_Other Investment Considerations."

Each Series also may purchase floating and variable rate demand notes and bonds, which are tax exempt obligations ordinarily having stated maturities in excess of one year, but which permit the holder to demand payment of principal at any time, or at specified intervals. Variable rate demand notes include master demand notes which are obligations that permit the Fund to invest fluctuating amounts, which may change daily without penalty, pursuant to direct arrangements between the Fund, as

lender, and the borrower. The interest rates on these obligations fluctuate from time to time. Frequently, such obligations are secured by letters of credit or other credit support arrangements provided by banks. Use of letters of credit or other credit support arrangements will not adversely affect the tax exempt status of these obligations. Because these obligations are direct lending arrangements between the lender and borrower, it is not contemplated that such instruments generally will be traded, and there generally is no established secondary market for these obligations, although they are redeemable at face value. Accordingly, where these obligations are not secured by letters of credit or other credit support arrangements, the Fund's right to redeem is dependent on the ability of the borrower to pay principal and interest on demand. Each obligation purchased by the Fund for a Series will meet the quality criteria established for the purchase of Municipal Obligations. The Dreyfus Corporation, on behalf of the Fund, will consider on an ongoing basis the creditworthiness of the issuers of the floating and variable rate demand obligations in each Series' portfolio. No Series will invest more than 15% of the value of its net assets in floating or variable rate demand obligations as to which the Series cannot exercise the demand feature on not more than seven days' notice if there is no secondary market available for these obligations, and in other illiquid securities.

Each Series may purchase from financial institutions participation interests in Municipal Obligations (such as industrial development bonds and municipal lease/purchase agreements). A participation interest gives the Series an undivided interest in the Municipal Obligation in the proportion that the Series' participation interest bears to the total principal amount of the Municipal Obligation. These instruments may have fixed, floating or variable rates of interest. If the participation interest is unrated, the participation interest will be backed by an irrevocable letter of credit or guarantee of a bank that the Board of Trustees has determined meets the pre-

(8)

scribed quality standards for banks set forth below, or the payment obligation otherwise will be collateralized by U.S. Government securities. For certain participation interests, the Series will have the right to demand payment, on not more than seven days' notice, for all or any part of the Series' participation interest in the Municipal Obligation, plus accrued interest. As to these instruments, each Series intends to exercise its right to demand payment only upon a default under the terms of the Municipal Obligation, as needed to provide liquidity to meet redemptions, or to maintain or improve the quality of its investment portfolio. No Series will invest more than 15% of the value of its net assets in participation interests that do not have this demand feature if there is no secondary market available for these participation interests, and in other illiquid securities.

Each Series may purchase tender option bonds. A tender option bond is a Municipal Obligation (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term tax exempt rates, that has been coupled with the agreement of a third party, such as a bank, broker-dealer or other financial institution, pursuant to which such institution grants the security holders the option, at periodic intervals, to tender their securities to the institution and receive the face value thereof. As consideration for providing the option, the financial institution receives periodic fees equal to the difference between the Municipal Obligation's fixed coupon rate and the rate, as determined by a remarketing or similar agent at or near the commencement of such period, that would cause the securities, coupled with the tender option, to trade at par on the date of such determination. Thus, after payment of this fee, the security holder effectively holds a demand obligation that bears interest at the prevailing short-term tax exempt rate. The Dreyfus Corporation, on behalf of the Fund, will consider on an ongoing basis the creditworthiness of the issuer of the underlying Municipal Obligation, of any custodian and of the third party provider of the tender option. In certain instances and for certain tender option bonds, the option may be terminable in the event of a default in payment of principal or interest on the underlying Municipal Obligations and for other reasons. No Series will invest more than 15% of the value of its net assets in securities that are illiquid, which would include tender option bonds as to which it cannot exercise the tender feature on not more than seven days' notice if there is no secondary market available for these obligations.

Each Series may acquire "stand-by commitments" with respect to Municipal Obligations held in its portfolio. Under a stand-by commitment, the Fund obligates a broker, dealer or bank to repurchase, at the Fund's option, specified securities at a specified price and, in this respect, stand-by commitments are comparable to put options. The exercise of a stand-by commitment therefore, is subject to the ability of the seller to

make payment on demand. A Series will acquire stand-by commitments solely to facilitate portfolio liquidity and does not intend to exercise its rights thereunder for trading purposes. The Fund may pay for stand-by commitments if such action is deemed necessary, thus increasing to a degree the cost of the underlying Municipal Obligation and similarly decreasing such security's yield to investors. Each Series also may acquire call options on specific Municipal Obligations. A Series generally would purchase these call options to protect the Series from the issuer of the related Municipal Obligation redeeming, or other holder of the call option from calling away, the Municipal Obligation before maturity. The sale by a Series of a call option that it owns on a specific Municipal Obligation could result in the receipt of taxable income by that Series.

Each Series may purchase custodial receipts representing the right to receive certain future principal and interest payments on Municipal Obligations which underlie the custodial receipts. A number of different arrangements are possible. In a typical custodial receipt arrangement, an issuer or a third party owner of Municipal Obligations deposits such obligations with a custodian in exchange for two classes of custodial receipts. The two classes have different characteristics, but, in each case, payments on the two classes are based on payments received on the underlying Municipal Obligations. One class has the characteristics of a typical auction rate security, where at specified intervals its interest rate is adjusted, and ownership

(9)

changes, based on an auction mechanism.

This class's interest rate generally is expected to be below the coupon rate of the underlying Municipal Obligations and generally is at a level comparable to that of a Municipal Obligation of similar quality and having a maturity equal to the period between interest rate adjustments. The second class bears interest at a rate that exceeds the interest rate typically borne by a security of comparable quality and maturity; this rate also is adjusted, but in this case inversely to changes in the rate of interest of the first class. If the interest rate on the first class exceeds the coupon rate of the underlying Municipal Obligations, its interest rate will exceed the rate paid on the second class. In no event will the aggregate interest paid with respect to the two classes exceed the interest paid by the underlying Municipal Obligations. The value of the second class and similar securities should be expected to fluctuate more than the value of a Municipal Obligation of comparable quality and maturity and their purchase by the Series should increase the volatility of its net asset value and, thus, its price per share. These custodial receipts are sold in private placements. Each Series also may purchase directly from issuers, and not in a private placement, Municipal Obligations having characteristics similar to custodial receipts. These securities may be issued as part of a multi-class offering and the interest rate on certain classes may be subject to a cap or floor.

Each Series may invest up to 15% of the value of its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Fund's investment objective. Such securities may include securities that are not readily marketable, such as certain securities that are subject to legal or contractual restrictions on resale and repurchase agreements providing for settlement in more than seven days after notice. As to these securities, the Series investing in such securities is subject to a risk that should the Series desire to sell them when a ready buyer is not available at a price the Fund deems representative of their value, the value of such Series' net assets could be adversely affected. However, if a substantial market of qualified institutional buyers develops pursuant to Rule 144A under the Securities Act of 1933, as amended, for certain of these securities held by the Series, the Fund intends to treat such securities as liquid securities in accordance with procedures approved by the Fund's Board of Trustees. Because it is not possible to predict with assurance how the market for restricted securities pursuant to Rule 144A will develop, the Fund's Board of Trustees has directed The Dreyfus Corporation to monitor carefully each Series' investments in such securities with particular regard to trading activity, availability of reliable price information and other relevant information. To the extent that, for a period of time, qualified institutional buyers cease purchasing restricted securities pursuant to Rule 144A, the Series' investing in such securities may have the effect of increasing the level of illiquidity in such Series' investments during such period.

Each Series may invest in zero coupon securities which are debt securities issued or sold at a discount from their face value which do not entitle the holder to any periodic payment of interest prior to maturity or a specified redemption date (or cash payment date). The amount of the discount varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and perceived credit quality of the issuer. Zero coupon securities also may

take the form of debt securities that have been stripped of their unmatured interest coupons, the coupons themselves and receipts or certificates representing interests in such stripped debt obligations and coupons. The market prices of zero coupon securities generally are more volatile than the market prices of interest-bearing securities and are likely to respond to a greater degree to changes in interest rates than interest-bearing securities having similar maturities and credit qualities. See "Risk Factors-Other Investment Considerations" below, and "Dividends, Distributions and Taxes" in the Statement of Additional Information.

From time to time, on a temporary basis other than for temporary defensive purposes (but not to exceed 20% of the value of a Series' net assets) or for temporary defensive purposes, each Series may invest in taxable short-term investments ("Taxable Investments") consisting of: notes of issuers having, at the time of purchase, a quality rating within the two highest grades of Moody's, S&P or Fitch; obligations of the U.S. Government, its agencies or instrumentalities;

(10)

commercial paper rated not lower than P-1 by Moody's, A-1 by S&P or F-1 by Fitch; certificates of deposit of U.S. domestic banks, including foreign branches of domestic banks, with assets of one billion dollars or more; time deposits; bankers' acceptances and other short-term bank obligations; and repurchase agreements in respect of any of the foregoing. Dividends paid by a Series that are attributable to income earned by the Series from Taxable Investments will be taxable to investors. See "Dividends, Distributions and Taxes." Except for temporary defensive purposes, at no time will more than 20% of the value of a Series' net assets be invested in Taxable Investments. When a State Series has adopted a temporary defensive position, including when acceptable State Municipal Obligations are unavailable for investment by a State Series, in excess of 35% of such Series' net assets may be invested in securities that are not exempt from State personal income taxes, if applicable. Under normal market conditions, each Series anticipates that not more than 5% of the value of its total assets will be invested in any one category of Taxable Investments. In certain states, dividends and distributions paid by a Series that are attributable to interest income earned by the Series from direct obligations of the United States may not be subject to state income tax. Taxable Investments are more fully described in the Statement of Additional Information, to which reference hereby is made.

INVESTMENT TECHNIQUES

The Fund, on behalf of a Series, may employ, among others, the investment techniques described below. Use of certain of these techniques may give rise to taxable income.

WHEN-ISSUED SECURITIES

New issues of Municipal Obligations usually are offered on a when-issued basis, which means that delivery and payment for such Municipal Obligations ordinarily take place within 45 days after the date of the commitment to purchase. The payment obligation and the interest rate that will be received on the Municipal Obligations are fixed at the time the Fund enters into the commitment. The Fund will make commitments to purchase such Municipal Obligations only with the intention of actually acquiring the securities, but the Fund may sell these securities before the settlement date if it is deemed advisable, although any gain realized on such sale would be taxable. The Fund will not accrue income in respect of a when-issued security prior to its stated delivery date. No additional when-issued commitments will be made for a Series if more than 20% of the value of such Series' net assets would be so committed.

Municipal Obligations purchased on a when-issued basis and the securities held in a Series' portfolio are subject to changes in value (both generally changing in the same way, i.e., appreciating when interest rates decline and depreciating when interest rates rise) based upon the public's perception of the creditworthiness of the issuer and changes, real or anticipated, in the level of interest rates. Municipal Obligations purchased on a when-issued basis may expose a Series to risk because they may experience such fluctuations prior to their actual delivery. Purchasing Municipal Obligations on a when-issued basis can involve the additional risk that the yield available in the market when the delivery takes place actually may be higher than that obtained in the transaction itself. A segregated account of the Fund consisting of cash, cash equivalents or U.S. Government securities or other high quality liquid debt securities at least equal at all times to the amount of the when-issued commitments will be established and maintained at the Fund's custodian bank. Purchasing Municipal Obligations on a when-issued basis when a Series is fully or almost fully invested may result in greater potential fluctuation in the value of such Series' net assets and its net asset value per share.

FUTURES TRANSACTIONS-IN GENERAL

Neither the Fund nor any Series is a commodity pool. However, as a

substitute for a comparable market position in the underlying securities and for hedging purposes, each Series may engage, to the extent permitted by applicable regulations, in futures and options on futures transactions, as described below.

(11)

A Series' commodities transactions must constitute bona fide hedging or other permissible transactions pursuant to regulations promulgated by the Commodity Futures Trading Commission. In addition, a Series may not engage in such transactions if the sum of the amount of initial margin deposits and premiums paid for unexpired commodity options, other than for bona fide hedging transactions, would exceed 5% of the liquidation value of such Series' assets, after taking into account unrealized profits and unrealized losses on such contracts it has entered into; provided, however, that in the case of an option that is in-the-money at the time of purchase, the in-the-money amount may be excluded in calculating the 5%. Pursuant to regulations and/or published positions of the Securities and Exchange Commission, a Series may be required to segregate cash or high quality money market instruments in connection with its commodities transactions in an amount generally equal to the value of the underlying commodity.

Initially, when purchasing or selling futures contracts the Fund will be required to deposit with its custodian in the broker's name an amount of cash or cash equivalents up to approximately 10% of the contract amount. This amount is subject to change by the exchange or board of trade on which the contract is traded and members of such exchange or board of trade may impose their own higher requirements. This amount is known as "initial margin" and is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures position, assuming all contractual obligations have been satisfied. Subsequent payments, known as "variation margin," to and from the broker will be made daily as the price of the index or securities underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking-to-market." At any time prior to the expiration of a futures contract, the Fund may elect to close the position by taking an opposite position at the then prevailing price, which will operate to terminate the Fund's existing position in the contract.

Although the Fund intends to purchase or sell futures contracts only if there is an active market for such contracts, no assurance can be given that a liquid market will exist for any particular contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond the limit or trading may be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting the Series engaging in the futures transaction to a substantial loss. If it is not possible, or the Fund determines not, to close a futures position in anticipation of adverse price movements, the Fund will be required to make daily cash payments of variation margin. In such circumstances, an increase in the value of the portion of the portfolio being hedged, if any, may offset partially or completely losses on the futures contract. However, no assurance can be given that the price of the securities being hedged will correlate with the price movements in a futures contract and thus provide an offset to losses on the futures contract.

In addition, to the extent a Series is engaging in a futures transaction as a hedging device, due to the risk of an imperfect correlation between securities in a Series' portfolio that are the subject of a hedging transaction and the futures contract used as a hedging device, it is possible that the hedge will not be fully effective in that, for example, losses on the portfolio securities may be in excess of gains on the futures contract or losses on the futures contract may be in excess of gains on the portfolio securities that were the subject of the hedge. In futures contracts based on indexes, the risk of imperfect correlation increases as the composition of a Series' portfolio varies from the composition of the index. In an effort to compensate for the imperfect correlation of movements in the price of the securities being hedged and movements in the price of futures contracts, a Series may buy or sell futures contracts in a greater or lesser dollar amount than the dollar amount of the securities being hedged if the historical volatility of the futures contract has been less or greater than that of the securities. Such "over hedging" or "under hedging" may adversely affect a Series' net investment results if market movements are not as anticipated when the hedge is established.

An option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract (a long position if the option is a call and a short position if the option is a put) at a specified exercise price at any time during the option exercise period. The writer of the option is required upon exercise to assume an offsetting futures position (a short position if the option is a call and a long position if the option is a put). Upon exercise of the option, the assumption of offsetting futures positions by the writer and holder of the option will be accompanied by delivery of the accumulated cash balance in the writer's futures margin account which represents the amount by which the market price of the futures contract, at exercise, exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract.

Call options sold by a Series with respect to futures contracts will be covered by, among other things, entering into a long position in the same contract at a price no higher than the strike price of the call option, or by ownership of the instruments underlying, or instruments the prices of which are expected to move relatively consistently with the instruments underlying, the futures contract. Put options sold by a Series with respect to futures contracts will be covered when, among other things, cash or liquid securities are placed in a segregated account to fulfill the obligation undertaken.

Each Series may utilize municipal bond index futures to protect against changes in the market value of the Municipal Obligations in the Series' portfolio or which it intends to acquire. Municipal bond index futures contracts are based on an index of long-term Municipal Obligations. The index assigns relative values to the Municipal Obligations included in an index, and fluctuates with changes in the market value of such Municipal Obligations. The contract is an agreement pursuant to which two parties agree to take or make delivery of an amount of cash based upon the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. The acquisition or sale of a municipal bond index futures contract enables the Fund to protect a Series' assets from fluctuations in rates on tax exempt securities without actually buying or selling such securities.

INTEREST RATE FUTURES CONTRACTS AND OPTIONS ON INTEREST RATE FUTURES CONTRACTS

Each Series may purchase and sell interest rate futures contracts and options on interest rate futures contracts as a substitute for a comparable market position, and to hedge against adverse movements in interest rates.

To the extent the Series has invested in interest rate futures contracts or options on interest rate futures contracts as a substitute for a comparable market position, such Series will be subject to the investment risks of having purchased the securities underlying the contract.

Each Series may purchase call options on interest rate futures contracts to hedge against a decline in interest rates and may purchase put options on interest rate futures contracts to hedge its portfolio securities against the risk of rising interest rates.

If, a Series has hedged against the possibility of an increase in interest rates adversely affecting the value of securities held in such Series' portfolio and rates decrease instead, such Series' will lose part or all of the benefit of the increased value of the securities which it has hedged because it will have offsetting losses in its futures positions. In addition, in such situations, if the Series has insufficient cash, it may have to sell securities to meet daily variation margin requirements at a time when it may be disadvantageous to do so. These sales of securities may, but will not necessarily, be at increased prices which reflect the decline in interest rates.

Each Series may sell call options on interest rate futures contracts to partially hedge against declining prices of its portfolio securities. If the futures price at expiration of the option is below the exercise price, the Series will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in such Series' portfolio holdings. Each Series may sell put options on interest rate futures contracts to hedge against increasing prices of the securities which are deliverable upon exercise of the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Series will retain the full amount of the option premium which provides a partial hedge against any increase in the price of securities

which such Series intends to purchase. If a put or call option sold by a Series is exercised, the Series will incur a loss which will be reduced by the amount of the premium it receives. Depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of its futures positions, such Series' losses from existing options on futures may to some extent be reduced or increased by changes in the value of its portfolio securities.

Each Series also may sell options on interest rate futures contracts as part of closing purchase transactions to terminate such Series' options positions. No assurance can be given that such closing transactions can be effected or that there will be a correlation between price movements in the options on interest rate futures and price movements in the Series' portfolio securities which are the subject of the hedge. In addition, a Series' purchase of such options will be based upon predictions as to anticipated interest rate trends, which could prove to be inaccurate.

SHORT-SELLING

Each Series may make short sales, which are transactions in which the Series sells a security it does not own in anticipation of a decline in the market value of that security. To complete such a transaction, the Series must borrow the security to make delivery to the buyer. The Series then is obligated to replace the security borrowed by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Series. Until the security is replaced, the Series is required to pay to the lender amounts equal to any interest or other distributions which accrue during the period of the loan. To borrow the security, the Fund also may be required to pay a premium, which would increase the cost of the security sold. The proceeds of the short sale will be retained by the broker, to the extent necessary to meet margin requirements, until the short position is closed out.

Until the Series replaces a borrowed security in connection with a short sale, the Series will: (a) maintain daily a segregated account, containing cash or U.S. Government securities, at such a level that (i) the amount deposited in the account plus the amount deposited with the broker as collateral will equal the current value of the security sold short and (ii) the amount deposited in the segregated account plus the amount deposited with the broker as collateral will not be less than the market value of the security at the time it was sold short; or (b) otherwise cover its short position.

A Series will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which the Series replaces the borrowed security. A Series will realize a gain if the security declines in price between those dates. This result is the opposite of what one would expect from a cash purchase of a long position in a security. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of any premium or amounts in lieu of interest or other distributions the Series may be required to pay in connection with a short sale.

The Fund anticipates that the frequency of short sales will vary substantially in different periods, and it does not intend that any specified portion of a Series' assets, as a matter of practice, will be invested in short sales. However, no securities will be sold short if, after effect is given to any such short sale, the total market value of all securities sold short would exceed 25% of the value of a Series' net assets. No Series may sell short the securities of any single issuer listed on a national securities exchange to the extent of more than 5% of the value of such Series' net assets. No Series may sell short the securities of any class of an issuer to the extent, at the time of the transaction, of more than 5% of the outstanding securities of that class.

In addition to the short sales discussed above, each Series may make short sales "against the box," a transaction in which a Series enters into a short sale of a security which such Series owns. The proceeds of the short sale will be held by a broker until the settlement date at which time the Series delivers the security to close the short position. The Series receives the net proceeds from the short sale. At no time will a Series have more than 15% of the value of its net assets in deposits on short sales against the box.

(14)

LENDING PORTFOLIO SECURITIES

From time to time, each Series may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. As to each Series, such loans may not exceed 33-1/3% of the value of such Series' total assets. In connection with such loans, the Fund will receive collateral consisting of cash, U.S. Government securities or irrevocable letters of credit which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. Each Series can increase its income through the investment of such collateral. The Series

continues to be entitled to payments in amounts equal to the interest or other distributions payable on the loaned security and receives interest on the amount of the loan. Such loans will be terminable at any time upon specified notice. As to each Series, the Fund might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund.

CERTAIN FUNDAMENTAL POLICIES

Each Series may (i) borrow money from banks, but only for temporary or emergency (not leveraging) purposes, in an amount up to 15% of the value of such Series' total assets (including the amount borrowed) valued at the lesser of cost or market, less liabilities (not including the amount borrowed) at the time the borrowing is made. While borrowings exceed 5% of such Series' total assets, the Series will not make any additional investments; and (ii) invest up to 25% of the value of its total assets in the securities of issuers in a single industry, provided that there is no such limitation on investments in Municipal Obligations and, for temporary defensive purposes, obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities. This paragraph describes fundamental policies that cannot be changed as to a Series without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of such Series' outstanding voting shares. See "Investment Objective and Management Policies-Investment Restrictions" in the Statement of Additional Information.

CERTAIN ADDITIONAL NON-FUNDAMENTAL POLICIES

Each Series may (i) pledge, hypothecate, mortgage or otherwise encumber its assets, but only to secure permitted borrowings; and (ii) invest up to 15% of the value of its net assets in repurchase agreements providing for settlement in more than seven days after notice and in other illiquid securities (which securities could include participation interests (including municipal lease/purchase agreements) that are not subject to the demand feature described above, and floating and variable rate demand obligations as to which the Fund cannot exercise the related demand feature described above and as to which there is no secondary market). See "Investment Objective and Management Policies-Investment Restrictions" in the Statement of Additional Information.

INSURANCE FEATURE

At the time they are purchased by a Series, the Municipal Obligations held in such Series' portfolio that are subject to insurance will be insured as to timely payment of principal and interest under an insurance policy (i) purchased by the Series or by a previous owner of the Municipal Obligation ("Mutual Fund Insurance") or (ii) obtained by the issuer or underwriter of the Municipal Obligation ("New Issue Insurance"). The insurance of principal refers to the face or par value of the Municipal Obligation and is not affected by nor does it insure the price paid therefor by the Series or the market value thereof. The value of each Series' shares is not insured.

New Issue Insurance is obtained by the issuer of the Municipal Obligations and all premiums respecting such securities are paid in advance by such issuer. Such policies are non-cancelable and continue in force so long as the Municipal Obligations are outstanding and the insurer remains in business.

Certain types of Mutual Fund Insurance obtained by the Fund are effective only so long as the Fund is in existence, the insurer remains in business and the Municipal Obligations described in the policy continue to be held by the Series. The Fund, on behalf of the Series, will pay the premiums with respect to such insurance. Depending upon the terms of the policy, in the event of a sale of any Municipal Obligation so insured by a Series, the Mutual Fund

(15)

Insurance may terminate as to such Municipal Obligation on the date of sale and in such event the insurer may be liable only for those payments of principal and interest which then are due and owing. Other types of Mutual Fund Insurance may not have this termination feature. Each Series may purchase Municipal Obligations with this type of insurance from parties other than the issuer and the insurance would continue for the Series' benefit.

Typically, the insurer may not withdraw coverage on insured securities held by a Series, nor may the insurer cancel the policy for any reason except failure to pay premiums when due. The insurer may reserve the right at any time upon 90 days' written notice to the Fund to refuse to insure any additional Municipal Obligations purchased by a Series after the effective date of such notice. The Fund's Board of Trustees has reserved the right to terminate the Mutual Fund Insurance policy for any Series if it determines that the benefits to such Series of having its portfolio insured are not justified by the expense involved. See "Risk Factors_Special

Investment Considerations" below.

Mutual Fund Insurance and New Issue Insurance may be obtained from Financial Guaranty Insurance Company ("Financial Guaranty"), Municipal Bond Investors Assurance Corporation ("MBIA"), AMBAC Indemnity Corporation ("AMBAC Indemnity") and Capital Guaranty Insurance Company ("Capital Guaranty"), although the Fund may purchase insurance from, or each Series may purchase Municipal Obligations insured by, other insurers.

The following information regarding these insurers has been derived from information furnished by the insurers. The Fund has not independently verified any of the information, but the Fund is not aware of facts which would render such information inaccurate.

Financial Guaranty is a New York stock insurance company regulated by the New York State Department of Insurance and authorized to provide insurance in 50 states and the District of Columbia. Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation, a Delaware holding company, which is a wholly-owned subsidiary of General Electric Capital Corporation. Financial Guaranty, in addition to providing insurance for the payment of interest on and principal of Municipal Obligations held in unit investment trust and mutual fund portfolios, provides New Issue Insurance and insurance for secondary market issues of Municipal Obligations and for portions of new and secondary market issues of Municipal Obligations. As of September 30, 1993, Financial Guaranty's total capital and surplus was approximately \$745 million (unaudited). The claims-paying ability of Financial Guaranty is rated "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch.

MBIA is the principal operating subsidiary of MBIA Inc., the principal shareholders of which are The Aetna Casualty and Surety Company, The Fund American Companies, Inc., subsidiaries of CIGNA Corporation, and Credit Locale France, CAECL S.A. Approximately 35% of the outstanding common stock of MBIA Inc. is owned by such shareholders and the remainder is publicly-held. Neither MBIA Inc. nor its shareholders are obligated to pay the debts of or claims against MBIA. MBIA is a limited liability corporation domiciled in New York and licensed to do business in 50 states and the District of Columbia. As of September 30, 1993, MBIA had admitted assets of approximately \$3.0 billion, total liabilities of approximately \$2.0 billion and total capital and surplus of approximately \$951 million (all figures unaudited). The claims-paying ability of MBIA is rated "AAA" by S&P and "Aaa" by Moody's.

AMBAC Indemnity is a Wisconsin-domiciled stock insurance company, regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia and the Commonwealth of Puerto Rico. AMBAC Indemnity is a wholly-owned subsidiary of AMBAC Inc., a 100% publicly-held company. AMBAC Indemnity had admitted assets of approximately \$1.9 billion (unaudited) and statutory capital of approximately \$1.1 billion (unaudited) as of September 30, 1993. Statutory capital consists of AMBAC Indemnity's statutory contingency reserve and policyholders' surplus. The claims-paying ability of AMBAC Indemnity is rated "AAA" by S&P and "Aaa" by Moody's.

(16)

Capital Guaranty is an "Aaa/AAA" rated monoline stock insurance company incorporated in the State of Maryland, and is a wholly-owned subsidiary of Capital Guaranty Corporation, a Maryland insurance holding company. Capital Guarantee Corporation is a publicly owned company whose shares are traded on the New York Stock Exchange. Capital Guaranty is authorized to provide insurance in 49 states, the District of Columbia, and three U.S. territories. As of September 30, 1993, the total statutory policyholders' surplus and contingency reserve of Capital Guaranty was \$181,383,432 (unaudited) and the total admitted assets were \$270,021,126 (unaudited).

Additional information concerning the insurance feature appears in the Statement of Additional Information to which your attention is directed.

RISK FACTORS

INVESTING IN STATE MUNICIPAL OBLIGATIONS (STATE SERIES ONLY)

You should consider carefully the special risks inherent in each State Series' investment in its respective State's Municipal Obligations. Certain of the States have experienced financial difficulties, the

recurrence of which could result in defaults or declines in the market values of various Municipal Obligations in which such Series invests. If there should be a default or other financial crises relating to a State or an agency or municipality thereof, the market value and marketability of outstanding State Municipal Obligations in a State Series' portfolio and interest income to such Series could be adversely affected. You should obtain and review a copy of the Statement of Additional Information which more fully sets forth these and other risk factors.

CALIFORNIA SERIES

The special risks inherent in an investment in California Municipal Obligations result from certain amendments to the California Constitution and other statutes that limit the taxing and spending authority of California governmental entities, as well as from the general financial condition of the State of California. Since the start of the State's 1990-91 fiscal year, the State has experienced the worst economic, fiscal and budget conditions since the 1930s. As a result, the State has experienced recurring budget deficits for four of the last five fiscal years ending with 1991-92. Revenues and expenditures were essentially equal in 1992-93 but the original budget for that year projected revenues exceeding expenditures by \$2.6 billion. By June 30, 1993, according to California's Department of Finance, the State's Reserve for Economic Uncertainties had an accumulated deficit, on a budget basis, of approximately \$2.8 billion. A further consequence of the large budget imbalances over the last three fiscal years has been that the State depleted its available cash resources and has had to use a series of external borrowings to meet its cash needs. As a result of the deterioration in the State's budget and cash situation in fiscal years 1991-92 and 1992-93, between October 1991 and October 1992, the rating on the State's general obligation bonds was reduced by S&P from AAA to A+, by Moody's from Aaa to Aa and by Fitch from AAA to AA. These and other factors may have the effect of impairing the ability of the issuers of California Municipal Obligations to pay interest on, or repay principal of, such California Municipal Obligations.

CONNECTICUT SERIES-Connecticut's economy relies in part on activities that may be adversely affected by cyclical change, and recent declines in defense spending have had a significant impact on unemployment levels. Although the State recorded General Fund surpluses in its fiscal years 1985 through 1987, Connecticut reported deficits from its General Fund operations for the fiscal years 1988 through 1991. Together with the deficit carried forward from the State's 1990 fiscal year, the total General Fund deficit for the 1991 fiscal year was \$965.7 million. The total deficit was funded by the issuance of General Obligation Economic Recovery Notes. The Comptroller's annual reports for the fiscal years ended June 30, 1992 and 1993 reflected General Fund operating surpluses of \$110 million and \$113.5 million, respectively. The Comptroller's monthly report for the period ended August 31, 1993 stated that on a GAAP basis the cumulative deficit was \$484.3 million for fiscal 1993-94. S&P, Moody's and Fitch currently rate Connecticut's bonds AA-, Aa and AA+, respectively.

(17)

FLORIDA SERIES-The Florida Constitution and Statutes mandate that the State budget as a whole, and each separate fund within the State budget, be kept in balance from currently available revenues each fiscal year. Florida's Constitution permits issuance of Florida Municipal Obligations pledging the full faith and credit of the State, with a vote of the electors, to finance or refinance fixed capital outlay projects authorized by the Legislature provided that the outstanding principal does not exceed 50% of the total tax revenues of the State for the two preceding years. Florida's Constitution also provides that the Legislature shall appropriate monies sufficient to pay debt service on State bonds pledging the full faith and credit of the State of Florida as the same becomes due. All State of Florida tax revenues, other than trust funds dedicated by Florida's Constitution for other purposes, would be available for such an appropriation, if required. Revenue bonds may be issued by the State of Florida or its agencies without a vote of Florida's electors only to finance or refinance the cost of State fixed capital outlay projects which may be payable solely from funds derived directly from sources other than State of Florida tax revenues. Fiscal year 1993-94 total General Revenue and Working Capital Funds available are estimated to be \$13.548 billion, which will result in estimated unencumbered reserves of \$276.3 million at the end of fiscal 1993-94. The General Revenue and Working Capital Funds ended the 1992-93 fiscal year with estimated unencumbered reserves of \$441.4 million.

NEW JERSEY SERIES-Although New Jersey enjoyed a period of economic growth with unemployment levels below the national average during the mid-1980's, its economy slowed down well before the onset of the national recession in July 1990. Reflecting the economic downturn, New Jersey's unemployment rate rose from 3.6% in the first quarter of 1989 to 9.1% in April of 1993. As a result of New Jersey's fiscal weakness, in July

1991, S&P lowered its rating of the State's general obligation debt from AAA to AA+.

NEW YORK SERIES-The special risks inherent in investing in New York Municipal Obligations result from the financial condition of New York State, and certain of its public bodies and municipalities, including New York City. Beginning in early 1975, New York State, New York 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 high interest rates on, and lower market prices for, debt obligations issued by them. A recurrence of such financial difficulties or a failure of certain financial recovery programs could result in defaults or declines in the market values of various New York Municipal Obligations in which the New York Series may invest. If there should be a default or other financial crisis relating to New York State, New York City, a State or City agency, or a State municipality, the market value and marketability of outstanding New York Municipal Obligations in the New York Series' portfolio and the interest income to such Series could be adversely affected. Moreover, the significant slowdown in the New York regional economy in the early 1990's added substantial uncertainty to estimates of the State's tax revenues, which, in part, caused New York State to overestimate its General Fund tax receipts in the 1992 fiscal year by \$575 million. The 1992 fiscal year was the fourth consecutive year in which New York State incurred a cash-basis operating deficit in the General Fund and issued deficit notes. The State's 1992-93 fiscal year was characterized by national and regional economies that performed better than projected in April 1992. National gross domestic product, State personal income, and employment and unemployment in the State are estimated to have performed better than originally projected in April 1992. After reflecting a 1992-93 year-end deposit to the refund reserve account of \$671 million, reported 1992-93 General Fund receipts were \$45 million higher than originally projected in April 1992. If not for that year-end transaction, which had the effect of reducing 1992-93 receipts by \$671 million and making those receipts available in 1993-94, General Fund receipts would have been \$716 million higher than originally projected. There can be no assurance that New York will not face substantial potential budget gaps in future years. In January 1992, Moody's lowered from A to Baa the ratings on certain appropriation-backed debt of New York State and its agencies. The State's general obligation, State-guaranteed and New York

(18)

State Local Government

Assistance Corporation bonds continued to be rated A by Moody's. In January 1992, S&P lowered from A to A- its ratings of New York State general obligation bonds and stated that it continues to assess the ratings outlook as negative. The ratings of various agency debt, state moral obligations, contractual obligations, lease purchase obligations and State guarantees also were lowered. In February 1991, Moody's lowered its rating on New York City's general obligation bonds from A to Baa. The rating changes reflected the rating agencies' concerns about the financial condition of New York State and City, the heavy debt load of the State and City, and economic uncertainties in the region.

SPECIAL INVESTMENT CONSIDERATIONS

The insurance feature is intended to reduce financial risk, but the cost thereof and the restrictions on investments imposed by the guidelines in the insurance policy will result in a reduction in the yield on the Municipal Obligations purchased by a Series.

Because coverage under certain Mutual Fund Insurance policies may terminate upon sale of a security from a Series' portfolio, insurance with this termination feature should not be viewed as assisting the marketability of securities in the Series' portfolio, whether or not the securities are in default or subject to a serious risk of default. The Dreyfus Corporation intends to retain any Municipal Obligations subject to such insurance which are in default or, in the view of The Dreyfus Corporation, in significant risk of default and to recommend to the Board of Trustees that the Fund place a value on the insurance which will be equal to the difference between the market value of the defaulted security and the market value of similar securities of minimum investment grade (i.e., rated Baa by Moody's or BBB by S&P or Fitch) which are not in default. To the extent that a Series holds defaulted securities subject to Mutual Fund Insurance with this termination feature, it may be limited in its ability in certain circumstances to purchase other Municipal Obligations. While a defaulted Municipal Obligation is held in a Series' portfolio, such Series continues to pay the insurance premium thereon but also is entitled to collect interest payments from the insurer and retains the right to collect the full amount of principal from the insurer when the security comes due.

Unlike certain Mutual Fund Insurance policies, New Issue Insurance does not terminate with respect to a Municipal Obligation once it is sold by a Series. Therefore, the Fund expects that the market value, and thus the marketability, of a defaulted security covered by New Issue Insurance generally will be greater than the market value of an otherwise comparable defaulted security covered by Mutual Fund Insurance with the termination feature. The Fund, at its option, may purchase from Financial Guaranty secondary market insurance ("Secondary Market Insurance") on any Municipal Obligation purchased by a Series. By purchasing Secondary Market Insurance, the Fund would obtain, upon payment of a single premium, insurance against nonpayment of scheduled principal and interest for the remaining term of the Municipal Obligation, regardless of whether the Series then owned such security. Such insurance coverage would be non-cancelable and would continue in force so long as the security so insured is outstanding and the insurer remains in business. The purpose of acquiring Secondary Market Insurance would be to enable a Series to sell a Municipal Obligation to a third party as a high rated insured Municipal Obligation at a market price greater than what otherwise might be obtainable if the security were sold without the insurance coverage.

OTHER INVESTMENT CONSIDERATIONS

Even though interest-bearing securities are investments which promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. Certain securities that may be purchased by the Series, such as those with interest rates that fluctuate directly or indirectly based on multiples of a stated index, are designed to be highly sensitive to changes in interest rates and can subject the holders thereof to extreme reductions of yield and possibly loss of principal. The values of fixed-income securities also may be affected by changes in the credit rating or financial condition of the issuing entities. Once the rating of a portfolio security has been changed, the

(19)

Fund will consider all circumstances deemed relevant in determining whether to continue to hold the security. Certain securities purchased by the Series, such as those rated Baa by Moody's and BBB by S&P or Fitch, may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities. Obligations which are rated Baa are considered medium grade obligations; they are neither highly protected nor poorly secured, and are considered by Moody's to have speculative characteristics. Bonds rated BBB by S&P are regarded as having adequate capacity to pay interest and repay principal, and while such bonds 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 in higher rated categories. Bonds rated BBB by Fitch are 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. See "Appendix B" in the Statement of Additional Information. Each Series' net asset value generally will not be stable and should fluctuate based upon changes in the value of such Series' portfolio securities.

Federal income tax law requires the holder of a zero coupon security or of certain pay-in-kind bonds to accrue income with respect to these securities prior to the receipt of cash payments. To maintain its qualification as a regulated investment company and avoid liability for Federal income taxes, a Series may be required to distribute such income accrued with respect to these securities and may have to dispose of portfolio securities under disadvantageous circumstances in order to generate cash to satisfy these distribution requirements.

Certain municipal lease/purchase obligations in which the Series may invest may contain "non-appropriation" clauses which provide that the municipality has no obligation to make lease payments in future years unless money is appropriated for such purpose on a yearly basis. Although "non-appropriation" lease/purchase obligations are secured by the leased property, disposition of the leased property in the event of foreclosure might prove difficult. In evaluating the credit quality of a municipal lease/purchase obligation that is unrated, The Dreyfus Corporation will consider, on an ongoing basis, a number of factors including the likelihood that the issuing municipality will discontinue appropriating funding for the leased property.

Certain provisions in the Code relating to the issuance of Municipal

Obligations may reduce the volume of Municipal Obligations qualifying for Federal tax exemption. One effect of these provisions could be to increase the cost of the Municipal Obligations available for purchase by the Fund and thus reduce the available yield. Shareholders should consult their tax advisers concerning the effect of these provisions on an investment in the Fund. Proposals that may restrict or eliminate the income tax exemption for interest on Municipal Obligations may be introduced in the future. If any such proposal were enacted that would reduce the availability of Municipal Obligations for investment by the Fund so as to adversely affect Fund shareholders, the Fund would reevaluate its investment objective and policies and submit possible changes in the Fund's structure to shareholders for their consideration. If legislation were enacted that would treat a type of Municipal Obligation as taxable, the Fund would treat such security as a permissible Taxable Investment within the applicable limits set forth herein.

Each Series' classification as a "non-diversified" investment company means that the proportion of such Series' assets that may be invested in the securities of a single issuer is not limited by the Investment Company Act of 1940. A "diversified" investment company is required by the Investment Company Act of 1940 generally to invest, with respect to 75% of its total assets, not more than 5% of such assets in the securities of a single issuer. However, each Series intends to conduct its operations so as to qualify as a "regulated investment company" for purposes of the Code, which requires that, at the end of each quarter of its taxable year, (i) at least 50% of the market value of its total assets be invested in cash, U.S. Government securities, the securities of other regulated investment companies and other securities, with such other securities of any one issuer limited for the purposes of this calculation to an amount not greater than

(20)

5% of the value of such Series' total assets, and (ii) not more than 25% of the value of its total assets be invested in the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies). Since a relatively high percentage of each Series' assets may be invested in the securities of a limited number of issuers, the Series' portfolio securities may be more susceptible to any single economic, political or regulatory occurrence than the portfolio securities of a diversified investment company.

Investment decisions for the Fund are made independently from those of other investment companies advised by The Dreyfus Corporation. However, if such other investment companies are prepared to invest in, or desire to dispose of, Municipal Obligations or Taxable Investments at the same time as the Fund, available investments or opportunities for sales will be allocated equitably to each investment company. In some cases, this procedure may adversely affect the size of the position obtained for or disposed of by the Fund or the price paid or received by the Fund.

MANAGEMENT OF THE FUND

The Dreyfus Corporation, located at 200 Park Avenue, New York, New York 10166, was formed in 1947 and serves as the Fund's investment adviser. As of December 31, 1993, The Dreyfus Corporation managed or administered approximately \$78 billion in assets for more than 1.9 million investor accounts nationwide.

The Dreyfus Corporation supervises and assists in the overall management of the Fund's affairs under a Management Agreement with the Fund, subject to the overall authority of the Fund's Board of Trustees in accordance with Massachusetts law. The primary investment officer for the California Series is Stephen C. Kris, who has been an employee of The Dreyfus Corporation since 1988. The primary investment officer for each of the Connecticut Series, the Florida Series, the National Series, the New Jersey Series and the New York Series will be L. Lawrence Troutman, who has been an employee of The Dreyfus Corporation since 1985. The Fund's other investment officers are identified under "Management of the Fund" in the Fund's Statement of Additional Information. The Dreyfus Corporation also provides research services for the Fund as well as for other funds advised by The Dreyfus Corporation through a professional staff of portfolio managers and security analysts.

Under the terms of the Management Agreement, the Fund has agreed to pay The Dreyfus Corporation a monthly fee at the annual rate of .55 of 1% of the value of each Series' average daily net assets. From time to time, The Dreyfus Corporation may waive receipt of its fees and/or voluntarily assume certain expenses of a Series, which would have the

effect of lowering the overall expense ratio of that Series and increasing yield to investors at the time such amounts are waived or assumed, as the case may be. The Fund will not pay The Dreyfus Corporation at a later time for any amounts it may waive, nor will the Fund reimburse The Dreyfus Corporation for any amounts it may assume. For the period August 19, 1993 (commencement of operations) through December 31, 1993, no management fee was paid by the Fund pursuant to undertakings in effect.

EXPENSES

All expenses incurred in the operation of the Fund are borne by the Fund, except to the extent specifically assumed by the Manager. The expenses borne by the Fund include: organizational costs, taxes, interest, loan commitment fees, interest and distributions paid on securities sold short, brokerage fees and commissions, if any, fees of Trustees who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of the Manager, Securities and Exchange Commission fees, state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of independent pricing services, costs of maintaining the Fund's existence, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of shareholders' reports and meetings, and any extraordinary expenses. Class A and Class B shares are subject to an annual service fee for ongoing personal services relating to shareholder accounts and ser-

(21)

vices related to the maintenance of shareholder accounts. In addition, Class B shares are subject to an annual distribution fee for advertising, marketing and distributing Class B shares pursuant to a distribution plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940. See "Distribution Plan and Shareholder Services Plan." Expenses attributable to a particular Series are charged against the assets of that Series; other expenses of the Fund are allocated among the Series on the basis determined by the Board of Trustees, including, but not limited to, proportionately in relation to the net assets of each Series.

The Dreyfus Corporation may pay Dreyfus Service Corporation for shareholder and distribution services from its own monies, including past profits but not including the management fee paid by the Fund. Dreyfus Service Corporation may pay part or all of these payments to securities dealers or others for servicing and distribution.

The Shareholder Services Group, Inc., a subsidiary of First Data Corporation, P.O. Box 9671, Providence, Rhode Island 02940-9671, is the Fund's Transfer and Dividend Disbursing Agent (the "Transfer Agent"). The Bank of New York, 110 Washington Street, New York, New York 10286, is the Fund's Custodian.

HOW TO BUY FUND SHARES

The Fund's distributor is Dreyfus Service Corporation, a wholly-owned subsidiary of The Dreyfus Corporation located at 200 Park Avenue, New York, New York 10166. The shares it distributes are not deposits or obligations of The Dreyfus Security Savings Bank, F.S.B. and therefore are not insured by the Federal Deposit Insurance Corporation.

Fund shares may be purchased only by clients of certain financial institutions (which may include banks), securities dealers ("Selected Dealers") and other industry professionals (collectively, "Service Agents"), except that full-time or part-time employees of The Dreyfus Corporation or any of its affiliates or subsidiaries, directors of The Dreyfus Corporation, Board members of a fund advised by The Dreyfus Corporation, including members of the Fund's Board, or the spouse or minor child of any of the foregoing may purchase Class A shares directly through Dreyfus Service Corporation. Subsequent purchases may be sent directly to the Transfer Agent or your Service Agent. Service Agents may receive different levels of compensation for selling different Classes of shares.

Management understands that some Service Agents may impose certain conditions on their clients which are different from those described in this Prospectus, and to the extent permitted by applicable regulatory authority, may charge their clients direct fees which would be in addition to any amounts which might be received under the Shareholder Services Plan. Each Service Agent has agreed to transmit to its clients a schedule of such fees. You should consult your Service Agent in this regard.

When purchasing Series' shares, you must specify whether the purchase is for Class A or Class B shares. Share certificates are issued only upon your written request. No certificates are issued for fractional shares. It is not recommended that the Fund be used as a vehicle for Keogh, IRA or other qualified retirement plans. The Fund reserves the right to reject any purchase order.

The minimum initial investment is \$1,000. Subsequent investments must be at least \$100. The initial investment must be accompanied by the Fund's Account Application.

You may purchase Series' shares by check or wire, or through the TELETRANSFER Privilege described below. Checks should be made payable to "Premier Insured Municipal Bond Fund," and should specify the Series in which you are investing. Payments to open new accounts which are mailed should be sent to Premier Insured Municipal Bond Fund, P.O. Box 9387, Providence, Rhode Island 02940-9387, together with your Account Application indicating which Class of shares is being purchased. For subsequent investments, your Fund account number should appear on the check and an investment slip should be enclosed and sent to Premier Insured Municipal Bond Fund, P.O. Box 105, Newark, New Jersey 07101-0105. Neither initial nor subsequent investments should be made by third party check. Wire

(22)

payments may be made if your bank account is in a commercial bank that is a member of the Federal Reserve System or any other bank having a correspondent bank in New York City. Immediately available funds may be transmitted by wire to The Bank of New York, together with the applicable Series' DDA# as shown below, for purchase of Fund shares in your name.

FOR CLASS A SHARES

DDA# 8900088338/Premier Insured Municipal Bond Fund/National Series-Class A shares
DDA# 8900118172/Premier Insured Municipal Bond Fund/California Series-Class A Shares
DDA# 8900088346/Premier Insured Municipal Bond Fund/Connecticut Series-Class A shares
DDA# 8900088362/Premier Insured Municipal Bond Fund/Florida Series-Class A shares
DDA# 8900088389/Premier Insured Municipal Bond Fund/New Jersey Series-Class A shares
DDA# 8900088419/Premier Insured Municipal Bond Fund/New York Series-Class A shares

FOR CLASS B SHARES

DDA# 8900115440/Premier Insured Municipal Bond Fund/National Series-Class B shares
DDA# 8900115270/Premier Insured Municipal Bond Fund/California Series-Class B shares
DDA# 8900115459/Premier Insured Municipal Bond Fund/Connecticut Series-Class B shares
DDA# 8900115467/Premier Insured Municipal Bond Fund/Florida Series-Class B shares
DDA# 8900115475/Premier Insured Municipal Bond Fund/New Jersey Series-Class B shares
DDA# 8900115491/Premier Insured Municipal Bond Fund/New York Series-Class B shares

The wire must include your Fund account number (for new accounts, your Taxpayer Identification Number ("TIN") should be included instead), account registration and dealer number, if applicable. If your initial purchase of Fund shares is by wire, please call 1-800-645-6561 after completing your wire payment to obtain your Fund account number. Please include your Fund account number on the Fund's Account Application and promptly mail the Account Application to the Fund, as no redemptions will be permitted until the Account Application is received. You may obtain further information about remitting funds in this manner from your bank. All payments should be made in U.S. dollars and, to avoid fees and delays, should be drawn only on U.S. banks. A charge will be imposed if any check used for investment in your account does not clear. The Fund makes available to certain large institutions the ability to issue purchase instructions through compatible computer facilities.

Subsequent investments also may be made by electronic transfer of funds from an account maintained in a bank or other domestic financial institution that is an Automated Clearing House member. You must direct the institution to transmit immediately available funds through the Automated Clearing House to The Bank of New York with instructions to credit your Fund account. The instructions must specify your Fund account registration and your Fund account number PRECEDED BY THE DIGITS "1111."

Shares of each Series are sold on a continuous basis. Net asset value per share of each Class is determined as of the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York time), on each day the New York Stock Exchange is open for business. For purposes of determining net asset value, options and futures contracts will be valued 15 minutes after the close of trading on the floor of the New York Stock Exchange. Net asset value per share of each Class is computed by dividing the value of the net assets of each Series represented by such Class (i.e., the value of assets of each Series less liabilities) by the total number of Series' shares of such Class outstanding. Each Series' investments are valued each business day by an independent pricing service approved by the Board of Trustees and are valued at fair value as determined by the pricing service. The pricing service's procedures are reviewed under the general supervision of the Board of Trustees. For further information regarding the methods employed in valuing the Series' investments, see "Determination of Net Asset Value" in the Statement of Additional Information.

Federal regulations require that you provide a certified TIN upon opening or reopening an account. See "Dividends, Distributions and Taxes" and the Fund's Account Application for further information concerning this requirement. Failure to furnish a certified TIN to the

(23)

Fund could subject

you to a \$50 penalty imposed by the Internal Revenue Service (the "IRS").

If an order is received in proper form by the Transfer Agent by the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York time) on any business day, Fund shares will be purchased at the public offering price determined as of the close of trading on the floor of the New York Stock Exchange on that day. Otherwise, Fund shares will be purchased at the public offering price determined as of the close of trading on the floor of the New York Stock Exchange on the next business day, except where shares are purchased through a dealer as provided below.

Orders for the purchase of Fund shares received by dealers by the close of trading on the floor of the New York Stock Exchange on any business day and transmitted to Dreyfus Service Corporation by the close of its business day (normally 5:15 p.m., New York time) will be based on the public offering price per share determined as of the close of trading on the floor of the New York Stock Exchange on that day. Otherwise, the orders will be based on the next determined public offering price. It is the dealer's responsibility to transmit orders so that they will be received by Dreyfus Service Corporation before the close of its business day.

CLASS A SHARES-The public offering price for Class A shares of each Series is the net asset value per share of that Class plus a sales load as shown below:

<TABLE>
<CAPTION>

Amount of Transaction <S>	Total Sales Load		Dealers' Reallowance as a % of offering price <C>
	As a % of offering price per share	As a % of net asset value per share	
Less than \$50,000.....	4.50	4.70	4.25
\$50,000 to less than \$100,000.....	4.00	4.20	3.75
\$100,000 to less than \$250,000.....	3.00	3.10	2.75
\$250,000 to less than \$500,000.....	2.50	2.60	2.25
\$500,000 to less than \$1,000,000.....	2.00	2.00	1.75
\$1,000,000 to less than \$3,000,000.....	1.00	1.00	1.00
\$3,000,000 to less than \$5,000,000.....	.50	.50	.50
\$5,000,000 and over.....	.25	.25	.25

</TABLE>

Full-time employees of NASD member firms and full-time employees of other financial institutions that have entered into an agreement with Dreyfus Service Corporation pertaining to the sale of Fund shares (or which otherwise have a brokerage related or clearing arrangement with an NASD member firm or financial institution with respect to the sale of Fund shares) may purchase Class A shares for themselves directly or pursuant to an employee benefit plan or other program, or for their spouses or minor children, at net asset value, provided that they have furnished Dreyfus Service Corporation with such information as it may request from time to time in order to verify eligibility for this privilege. This privilege also applies to full-time employees of financial institutions affiliated with NASD member firms whose full-time

employees are eligible to purchase Class A shares at net asset value. In addition, Class A shares are offered at net asset value to full-time or part-time employees of The Dreyfus Corporation or any of its affiliates or subsidiaries, directors of The Dreyfus Corporation, Board members of a fund advised by The Dreyfus Corporation, including members of the Fund's Board, or the spouse or minor child of any of the foregoing.

The dealer reallocation may be changed from time to time but will remain the same for all dealers. Dreyfus Service Corporation, at its expense, may provide additional promotional incentives to dealers that sell shares of funds advised by The Dreyfus Corporation which are sold with a sales load, such as the Fund. In some instances, those incentives may be offered only to certain dealers who have sold or may sell significant amounts of shares.

CLASS B SHARES-The public offering price for Class B shares of each Series is the net asset value per share of that Class. No initial sales charge is imposed at the time of purchase. A CDSC is imposed, however, on certain redemptions of Class B shares as described under "How

(24)

to Redeem

Fund Shares." Dreyfus Service Corporation compensates certain Service Agents for selling Class B shares at the time of purchase from Dreyfus Service Corporation's own assets. The proceeds of the CDSC and the distribution fee, in part, are used to defray these expenses.

RIGHT OF ACCUMULATION

CLASS A SHARES-Reduced sales loads apply to any purchase of Class A shares, shares of certain other funds advised by The Dreyfus Corporation which are sold with a sales load and shares acquired by a previous exchange of such shares (hereinafter referred to as "Eligible Funds"), by you and any related "purchaser" as defined in the Statement of Additional Information, where the aggregate investment, including such purchase, is \$50,000 or more. If, for example, you previously purchased and still hold Class A shares of the Fund, or of any other Eligible Fund or combination thereof, with an aggregate current market value of \$40,000 and subsequently purchase Class A shares of the Fund or an Eligible Fund having a current value of \$20,000, the sales load applicable to the subsequent purchase would be reduced to 4% of the offering price. All present holdings of Eligible Funds may be combined to determine the current offering price of the aggregate investment in ascertaining the sales load applicable to each subsequent purchase.

To qualify for reduced sales loads, at the time of purchase you or your Service Agent must notify Dreyfus Service Corporation if orders are made by wire, or the Transfer Agent if orders are made by mail. The reduced sales load is subject to confirmation of your holdings through a check of appropriate records.

TELETRANSFER PRIVILEGE

You may purchase Fund shares (minimum \$500, maximum \$150,000 per day) by telephone if you have checked the appropriate box and supplied the necessary information on the Fund's Account Application or have filed an Optional Services Form with the Transfer Agent. The proceeds will be transferred between the bank account designated in one of these documents and your Fund account. Only a bank account maintained in a domestic financial institution which is an Automated Clearing House member may be so designated. The Fund may modify or terminate this Privilege at any time or charge a service fee upon notice to shareholders. No such fee currently is contemplated.

If you have selected the TELETRANSFER Privilege, you may request a TELETRANSFER purchase by telephoning 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306.

SHAREHOLDER SERVICES

The services and privileges described under this heading may not be available to clients of certain Service Agents and some Service Agents may impose certain conditions on their clients which are different from those in this Prospectus. You should consult your Service Agent in this regard.

EXCHANGE PRIVILEGE

The Exchange Privilege enables clients of certain Service Agents to purchase, in exchange for Class A or Class B shares of a Series, shares of the same Class in one of the other Series, or of the same Class in certain other funds managed or administered by The Dreyfus Corporation, to the extent such shares are offered for sale in your state of residence. These funds have different investment objectives which may be of interest to you. If you desire to use this Privilege, you should consult your Service Agent or Dreyfus Service Corporation to determine if it is available and whether any conditions are imposed on its use.

To use this Privilege, your Service Agent acting on your behalf must give exchange instructions to the Transfer Agent in writing, by wire or by telephone. If you previously have established the Telephone Exchange Privilege, you may telephone exchange instructions by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. See "How to Redeem Fund Shares-Procedures." Before any exchange, you must obtain and should review a copy of the current prospectus of the fund into which the exchange is being made. Prospectuses may be obtained from Dreyfus Service Corporation. Except in the case of Personal Retirement Plans, the shares being exchanged must have a current value of at least \$500; furthermore,

(25)

when establishing a new account by exchange, the shares being exchanged must have a value of at least the minimum initial investment required for the fund into which the exchange is being made. Telephone exchanges may be made only if the appropriate "YES" box has been checked on the Account Application, or a separate signed Optional Services Form is on file with the Transfer Agent. Upon an exchange into a new account, the following shareholder services and privileges, as applicable and where available, will be automatically carried over to the fund into which the exchange is made; Exchange Privilege, Check Redemption Privilege, TELETRANSFER Privilege and the dividend/capital gain distribution option (except for the Dividend Sweep Privilege) selected by the investor.

Shares will be exchanged at the next determined net asset value; however, a sales load may be charged with respect to exchanges of Class A shares into funds sold with a sales load. No CDSC will be imposed on Class B shares at the time of an exchange; however, Class B shares acquired through an exchange will be subject on redemption to the higher CDSC applicable to the exchanged or acquired shares. The CDSC applicable on redemption of the acquired Class B shares will be calculated from the date of the initial purchase of the Class B shares exchanged. If you are exchanging Class A shares into a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load, if the shares from which you are exchanging were: (a) purchased with a sales load, (b) acquired by a previous exchange from shares purchased with a sales load, or (c) acquired through reinvestment of dividends or distributions paid with respect to the foregoing categories of shares. To qualify, at the time of your exchange your Service Agent must notify Dreyfus Service Corporation. Any such qualification is subject to confirmation of your holdings through a check of appropriate records. See "Shareholder Services" in the Statement of Additional Information. No fees currently are charged shareholders directly in connection with exchanges, although the Fund reserves the right, upon not less than 60 days' written notice, to charge shareholders a nominal fee in accordance with rules promulgated by the Securities and Exchange Commission. The Fund reserves the right to reject any exchange request in whole or in part. The Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

The exchange of shares of one fund or Series for shares of another is treated for Federal income tax purposes as a sale of the shares given in exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss.

AUTO-EXCHANGE PRIVILEGE

Auto-Exchange Privilege enables you to invest regularly (on a semi-monthly, monthly, quarterly or annual basis), in exchange for Class A or Class B shares of a Series, in shares of the same Class of one of the other Series or of other funds in the Premier Family of Funds or certain other funds in the Dreyfus Family of Funds of which you are currently an investor. The amount you designate, which can be expressed either in terms of a specific dollar or share amount (\$100 minimum), will be exchanged automatically on the first and/or fifteenth day of the month according to the schedule you have selected. Shares will be exchanged at the then-current net asset value; however, a sales load may be charged with respect to exchanges of Class A shares into funds sold with a sales load. No CDSC will be imposed on Class B shares at the time of an exchange; however, Class B shares acquired through an exchange will be subject on redemption to the higher CDSC applicable to the exchanged or acquired shares. The CDSC applicable on redemption of the acquired Class B shares will be calculated from the date of the initial purchase of the Class B shares exchanged. See "Shareholder Services" in the Statement of Additional Information. The right to exercise this Privilege may be modified or canceled by the Fund or the Transfer Agent. You may modify or cancel your exercise of this Privilege at any time by mailing written notification to Premier Insured Municipal Bond Fund, P.O. Box 6587, Providence, Rhode Island 02940-6587. The Fund may charge a service fee for the use of this Privilege. No such fee currently is contemplated. The

exchange of shares of one fund for shares of another is treated for Federal income tax purposes as a sale of the shares

(26)

given in exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss. For more information concerning this Privilege and the funds in the Premier Family of Funds or Dreyfus Family of Funds eligible to participate in this Privilege, or to obtain an Auto-Exchange Authorization Form, please call toll free 1-800-645-6561.

AUTOMATIC ASSET BUILDER

AUTOMATIC Asset Builder permits you to purchase Fund shares (minimum of \$100 and maximum of \$150,000 per transaction) at regular intervals selected by you. Fund shares are purchased by transferring funds from the bank account designated by you. At your option, the bank account designated by you will be debited in the specified amount, and Fund shares will be purchased, once a month, on either the first or fifteenth day, or twice a month, on both days. Only an account maintained at a domestic financial institution which is an Automated Clearing House member may be so designated. To establish an AUTOMATIC Asset Builder account, you must file an authorization form with the Transfer Agent. You may obtain the necessary authorization form from Dreyfus Service Corporation. You may cancel your participation in this Privilege or change the amount of purchase at any time by mailing written notification to Premier Insured Municipal Bond Fund, P.O. Box 6587, Providence, Rhode Island 02940-6587, and the notification will be effective three business days following receipt. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

GOVERNMENT DIRECT DEPOSIT PRIVILEGE

Government Direct Deposit Privilege enables you to purchase Fund shares (minimum of \$100 and maximum of \$50,000 per transaction) by having Federal salary, Social Security, or certain veterans', military or other payments from the Federal government automatically deposited into your Fund account. You may deposit as much of such payments as you elect. To enroll in Government Direct Deposit, you must file with the Transfer Agent a completed Direct Deposit Sign-Up Form for each type of payment that you desire to include in the Privilege. The appropriate form may be obtained from Dreyfus Service Corporation or your Service Agent. Death or legal incapacity will terminate your participation in this Privilege. You may elect at any time to terminate your participation by notifying in writing the appropriate Federal agency. Further, the Fund may terminate your participation upon 30 days' notice to you.

DIVIDEND SWEEP PRIVILEGE

Dividend Sweep Privilege enables you to invest automatically dividends or dividends and capital gain distributions, if any, paid by the Fund in shares of the same Class of another fund in the Premier Family of Funds or the Dreyfus Family of Funds of which you are a shareholder. Shares of the other fund will be purchased at the then-current net asset value; however, a sales load may be charged with respect to investments in shares of a fund sold with a sales load. If you are investing in a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load. If you are investing in a fund that charges a CDSC, the shares purchased will be subject on redemption to the CDSC, if any, applicable to the purchased shares. See "Shareholder Services" in the Statement of Additional Information. For more information concerning this Privilege and the funds in the Premier Family of Funds or the Dreyfus Family of Funds eligible to participate in this Privilege, or to request a Dividend Sweep Authorization Form, please call toll free 1-800-645-6561. You may cancel this Privilege by mailing written notification to Premier Insured Municipal Bond Fund, P.O. Box 6587, Providence, Rhode Island 02940-6587. To select a new fund after cancellation, you must submit a new authorization form. Enrollment in or cancellation of this Privilege is effective three business days following receipt. This Privilege is available only for existing accounts and may not be used to open new accounts. Minimum subsequent investments do not apply. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

AUTOMATIC WITHDRAWAL PLAN

The Automatic Withdrawal Plan permits you to request withdrawal of a specified dollar

(27)

amount (minimum of \$50) on either a monthly or quarterly basis if you have a \$5,000 minimum account. An application for the Automatic Withdrawal Plan can be obtained from Dreyfus Service

Corporation. There is a service charge of 50 cents for each withdrawal check. The Automatic Withdrawal Plan may be ended at any time by you, the Fund or the Transfer Agent. Shares for which certificates have been issued may not be redeemed through the Automatic Withdrawal Plan.

Class B shares withdrawn pursuant to the Automatic Withdrawal Plan will be subject to any applicable CDSC. Purchases of additional Class A shares where a sales load is imposed concurrently with withdrawals of Class A shares generally are undesirable.

LETTER OF INTENT-CLASS A SHARES

By signing a Letter of Intent form, available from Dreyfus Service Corporation, you become eligible for the reduced sales load applicable to the total number of Eligible Fund shares purchased in a 13-month period pursuant to the terms and conditions set forth in the Letter of Intent. A minimum initial purchase of \$5,000 is required. To compute the applicable sales load, the offering price of shares you hold (on the date of submission of the Letter of Intent) in any Eligible Fund that may be used toward "Right of Accumulation" benefits described above may be used as a credit toward completion of the Letter of Intent. However, the reduced sales load will be applied only to new purchases.

The Transfer Agent will hold in escrow 5% of the amount indicated in the Letter of Intent for payment of a higher sales load if you do not purchase the full amount indicated in the Letter of Intent. The escrow will be released when you fulfill the terms of the Letter of Intent by purchasing the specified amount. If your purchases qualify for a further sales load reduction, the sales load will be adjusted to reflect your total purchase at the end of 13 months. If total purchases are less than the amount specified, you will be requested to remit an amount equal to the difference between the sales load actually paid and the sales load applicable to the aggregate purchases actually made. If such remittance is not received within 20 days, the Transfer Agent, as attorney-in-fact pursuant to the terms of the Letter of Intent, will redeem an appropriate number of Class A shares held in escrow to realize the difference. Signing a Letter of Intent does not bind you to purchase, or the Fund to sell, the full amount indicated at the sales load in effect at the time of signing, but you must complete the intended purchase to obtain the reduced sales load. At the time you purchase Class A shares, you must indicate your intention to do so under a Letter of Intent. Purchases pursuant to a Letter of Intent will be made at the then-current net asset value plus the applicable sales load in effect at the time such Letter of Intent was executed.

HOW TO REDEEM FUND SHARES

GENERAL

You may request redemption of your Class A or Class B shares at any time. Redemption requests should be transmitted to the Transfer Agent as described below. When a request is received in proper form, the Fund will redeem the shares at the next determined net asset value as described below. If you hold Fund shares of more than one Class, any request for redemption must specify the Class of shares being redeemed. If you fail to specify the Class of shares to be redeemed or if you own fewer shares of the Class than specified to be redeemed, the redemption request may be delayed until the Transfer Agent receives further instructions from you or your Service Agent.

The Fund imposes no charges (other than any applicable CDSC with respect to Class B shares) when shares are redeemed directly through Dreyfus Service Corporation. Service Agents may charge a nominal fee for effecting redemptions of Fund shares. Any certificates representing Fund shares being redeemed must be submitted with the redemption request. The value of the shares redeemed may be more or less than their original cost, depending upon the Series' then-current net asset value.

The Fund ordinarily will make payment for all shares redeemed within seven days after receipt by the Transfer Agent of a redemption request in proper form, except as provided by

(28)

the rules of the Securities and Exchange Commission. HOWEVER, IF YOU HAVE PURCHASED FUND SHARES BY CHECK, BY THE TELETRANSFER PRIVILEGE OR THROUGH AUTOMATIC ASSET BUILDER AND SUBSEQUENTLY SUBMIT A WRITTEN REDEMPTION REQUEST TO THE TRANSFER AGENT, THE REDEMPTION PROCEEDS WILL BE TRANSMITTED TO YOU PROMPTLY UPON BANK CLEARANCE OF YOUR PURCHASE CHECK, TELETRANSFER PURCHASE OR AUTOMATIC ASSET BUILDER ORDER, WHICH MAY TAKE UP TO EIGHT BUSINESS DAYS OR MORE. IN ADDITION, THE FUND WILL NOT HONOR REDEMPTION CHECKS UNDER THE CHECK REDEMPTION PRIVILEGE, AND WILL REJECT REQUESTS TO REDEEM SHARES PURSUANT TO THE TELETRANSFER PRIVILEGE, FOR A PERIOD OF EIGHT BUSINESS DAYS AFTER RECEIPT BY THE TRANSFER AGENT OF THE PURCHASE CHECK, THE TELETRANSFER PURCHASE OR THE AUTOMATIC ASSET BUILDER ORDER AGAINST WHICH SUCH REDEMPTION IS REQUESTED. THESE PROCEDURES WILL NOT APPLY IF YOUR SHARES WERE PURCHASED BY

WIRE PAYMENT, OR IF YOU OTHERWISE HAVE A SUFFICIENT COLLECTED BALANCE IN YOUR ACCOUNT TO COVER THE REDEMPTION REQUEST. PRIOR TO THE TIME ANY REDEMPTION IS EFFECTIVE, DIVIDENDS ON SUCH SHARES WILL ACCRUE AND BE PAYABLE, AND YOU WILL BE ENTITLED TO EXERCISE ALL OTHER RIGHTS OF BENEFICIAL OWNERSHIP. Fund shares will not be redeemed until the Transfer Agent has received your Account Application.

The Fund reserves the right to redeem your account at its option upon not less than 30 days' written notice if your account's net asset value is \$500 or less and remains so during the notice period.

CONTINGENT DEFERRED SALES CHARGE-CLASS B SHARES

A CDSC payable to Dreyfus Service Corporation is imposed on any redemption of Class B shares of a Series which reduces the current net asset value of your Class B shares to an amount which is lower than the dollar amount of all payments by you for the purchase of Class B shares of such Series held by you at the time of redemption. No CDSC will be imposed to the extent that the net asset value of the Class B shares redeemed does not exceed (i) the current net asset value of Class B shares acquired through reinvestment of dividends or capital gain distributions, plus (ii) increases in the net asset value of your Class B shares above the dollar amount of all your payments for the purchase of Class B shares of such Series held by you at the time of redemption.

If the aggregate value of Class B shares redeemed has declined below their original cost as a result of the Series' performance, a CDSC may be applied to the then-current net asset value rather than the purchase price.

In circumstances where the CDSC is imposed, the amount of the charge will depend on the number of years from the time you purchased the Class B shares until the time of redemption of such shares. Solely for purposes of determining the number of years from the time of any payment for the purchase of Class B shares, all payments during a month will be aggregated and deemed to have been made on the first day of the month. The following table sets forth the rates of the CDSC:

Year Since Purchase Payment Was Made	CDSC as a % of Amount Invested or Redemption Proceeds
First.....	3.00
Second.....	3.00
Third.....	2.00
Fourth.....	2.00
Fifth.....	1.00
Sixth.....	0.00

In determining whether a CDSC is applicable to a redemption, the calculation will be made in a manner that results in the lowest possible rate. It will be assumed that the redemption is made first of amounts representing shares acquired pursuant to the reinvestment of dividends and distributions; then of amounts representing the increase in net asset value of Class B shares above the total amount of payments for the purchase of Class B shares made during the preceding five years; then of amounts representing the cost of shares purchased five years prior to the redemption; and finally, of amounts representing the cost of shares held for the longest period of time within the applicable five-year period.

(29)

For example, assume an investor purchased 100 shares at \$10 per share for a cost of \$1,000. Subsequently, the shareholder acquired five additional shares through dividend reinvestment. During the second year after the purchase the investor decided to redeem \$500 of his or her investment. Assuming at the time of the redemption the net asset value had appreciated to \$12 per share, the value of the investor's shares would be \$1,260 (105 shares at \$12 per share). The CDSC would not be applied to the value of the reinvested dividend shares and the amount which represents appreciation (\$260). Therefore, \$240 of the \$500 redemption proceeds (\$500 minus \$260) would be charged at a rate of 3% (the applicable rate in the second year after purchase) for a total CDSC of \$7.20.

WAIVER OF CDSC

The CDSC will be waived in connection with (a) redemptions made within one year after the death or disability, as defined in Section 72(m)(7) of the Code, of the shareholder, (b) redemptions by employees participating in qualified or non-qualified employee benefit plans or other programs where (i) the employers or affiliated employers maintaining such plans or programs have a minimum of 250 employees eligible for participation in such plans or programs, or (ii) such plan's or program's aggregate initial investment in the Dreyfus Family of Funds or other products made available through Dreyfus Service Corporation exceeds one million dollars, (c) redemptions as a result of a combination of any investment company with the Fund by merger, acquisition of assets or otherwise, (d) a distribution following retirement under a tax-deferred retirement plan or upon attaining age 70-1/2 in the case of an IRA or

Keogh plan or custodial account pursuant to Section 403(b) of the Code, and (e) redemptions by such shareholders as the Securities and Exchange Commission or its staff may permit. If the Fund's Trustees determine to discontinue the waiver of the CDSC, the disclosure in the Fund's prospectus will be revised appropriately. Any Fund shares subject to a CDSC which were purchased prior to the termination of such waiver will have the CDSC waived as provided in the Fund's prospectus at the time of the purchase of such shares.

To qualify for a waiver of the CDSC, at the time of redemption you must notify the Transfer Agent or your Service Agent must notify Dreyfus Service Corporation. Any such qualification is subject to confirmation of your entitlement.

PROCEDURES

You may redeem Fund shares by using the regular redemption procedure through the Transfer Agent, using the Check Redemption Privilege with respect to Class A shares only, through the TELETRANSFER Privilege or, if you are a client of a Selected Dealer, through the Selected Dealer. If you have given your Service Agent authority to instruct the Transfer Agent to redeem shares and to credit the proceeds of such redemptions to a designated account at your Service Agent, you may redeem shares only in this manner and in accordance with the regular redemption procedure described below. If you wish to use the other redemption methods described below, you must arrange with your Service Agent for delivery of the required application(s) to the Transfer Agent. Other redemption procedures may be in effect for clients of certain Service Agents. The Fund makes available to certain large institutions the ability to issue redemption instructions through compatible computer facilities.

Your redemption request may direct that the redemption proceeds be used to purchase shares of other funds advised or administered by The Dreyfus Corporation that are not available through the Exchange Privilege. The applicable CDSC will be charged upon the redemption of Class B shares. Your redemption proceeds will be invested in shares of the other fund on the next business day. Before you make such a request, you must obtain and should review a copy of the current prospectus of the fund being purchased. Prospectuses may be obtained from Dreyfus Service Corporation. The prospectus will contain information concerning minimum investment requirements and other conditions that may apply to your purchase.

You may redeem or exchange Fund shares by telephone if you have checked the appropriate box on the Fund's Account Application or have filed an Optional Services Form with the Transfer Agent. If you select the TELETRANSFER redemption or telephone exchange privilege, you authorize

(30)

the Transfer Agent to act on telephone instructions from any person representing himself or herself to be you, or a representative of your Service Agent, and reasonably believed by the Transfer Agent to be genuine. The Fund will require the Transfer Agent to employ reasonable procedures, such as requiring a form of personal identification, to confirm that instructions are genuine and, if it does not follow such procedures, the Fund or the Transfer Agent may be liable for any losses due to unauthorized or fraudulent instructions. Neither the Fund nor the Transfer Agent will be liable for following telephone instructions reasonably believed to be genuine.

During times of drastic economic or market conditions, you may experience difficulty in contacting the Transfer Agent by telephone to request a TELETRANSFER redemption or an exchange of Fund shares. In such cases, you should consider using the other redemption procedures described herein. Use of these other redemption procedures may result in your redemption request being processed at a later time than it would have been if TELETRANSFER redemption had been used. During the delay, the Fund's net asset value may fluctuate.

REGULAR REDEMPTION

Under the regular redemption procedure, you may redeem shares by written request mailed to Premier Insured Municipal Bond Fund, P.O. Box 6587, Providence, Rhode Island 02940-6587. Written redemption requests must specify the Class of shares being redeemed. Redemption requests must be signed by each shareholder, including each owner of a joint account, and each signature must be guaranteed. The Transfer Agent has adopted standards and procedures pursuant to which signature-guarantees in proper form generally will be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program, the Securities Transfer Agents Medallion Program

("STAMP") and the Stock Exchanges Medallion Program. If you have any questions with respect to signature-guarantees, please contact your Service Agent or call the telephone number listed on the cover of this Prospectus.

Redemption proceeds of at least \$1,000 will be wired to any member bank of the Federal Reserve System in accordance with a written signature-guaranteed request.

CHECK REDEMPTION PRIVILEGE-CLASS A SHARES

If you hold Class A shares, you may request on the Account Application, Optional Services Form or by later written request that the Fund provide Redemption Checks drawn on the Fund's account. Redemption Checks may be made payable to the order of any person in the amount of \$500 or more. Potential fluctuations in the net asset value of Class A shares should be considered in determining the amount of the check. Redemption Checks should not be used to close your account. Redemption Checks are free, but the Transfer Agent will impose a fee for stopping payment of a Redemption Check upon your request or if the Transfer Agent cannot honor the Redemption Check due to insufficient funds or other valid reason. You should date your Redemption Checks with the current date when you write them. Please do not postdate your Redemption Checks. If you do, the Transfer Agent will honor, upon presentment, even if presented before the date of the check, all postdated Redemption Checks which are dated within six months of presentment for payment, if they are otherwise in good order. Class A shares for which certificates have been issued may not be redeemed by Redemption Check. This Privilege may be modified or terminated at any time by the Fund or the Transfer Agent upon notice to holders of Class A shares.

TELETRANSFER PRIVILEGE

You may redeem Fund shares (minimum \$500 per day) by telephone if you have checked the appropriate box and supplied the necessary information on the Fund's Account Application or have filed an Optional Services Form with the Transfer Agent. The proceeds will be transferred between your Fund account and the bank account designated in one of these documents. Only such an account maintained in a domestic financial institution which is an Automated Clearing House member may be so designated. Redemption proceeds will be on deposit in your account

(31)

at an Automated Clearing House member bank ordinarily two days after receipt of the redemption request or, at your request, paid by check (maximum \$150,000 per day) and mailed to your address. Holders of jointly registered Fund or bank accounts may redeem through the TELETRANSFER Privilege for transfer to their bank account only up to \$250,000 within any 30-day period. The Fund reserves the right to refuse any request made by telephone, including requests made shortly after a change of address, and may limit the amount involved or the number of such requests. The Fund may modify or terminate this Privilege at any time or charge a service fee upon notice to shareholders. No such fee currently is contemplated.

If you have selected the TELETRANSFER Privilege, you may request a TELETRANSFER redemption of Fund shares by telephoning 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. Shares issued in certificate form are not eligible for this Privilege.

REDEMPTION THROUGH A SELECTED DEALER

If you are a customer of a Selected Dealer, you may make redemption requests to your Selected Dealer. If the Selected Dealer transmits the redemption request so that it is received by the Transfer Agent prior to the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York time), the redemption request will be effective on that day. If a redemption request is received by the Transfer Agent after the close of trading on the floor of the New York Stock Exchange, the redemption request will be effective on the next business day. It is the responsibility of the Selected Dealer to transmit a request so that it is received in a timely manner. The proceeds of the redemption are credited to your account with the Selected Dealer. See "How to Buy Fund Shares" for a discussion of additional conditions or fees that may be imposed upon redemption.

In addition, Dreyfus Service Corporation will accept orders from Selected Dealers with which it has sales agreements for the repurchase of shares held by shareholders. Repurchase orders received by dealers by the close of trading on the floor of the New York Stock Exchange on any business day and transmitted to Dreyfus Service Corporation prior to the

close of its business day (normally 5:15 p.m., New York time) are effected at the price determined as of the close of trading on the floor of the New York Stock Exchange on that day. Otherwise, the shares will be redeemed at the next determined net asset value. It is the responsibility of the Selected Dealer to transmit orders on a timely basis. The Selected Dealer may charge the shareholder a fee for executing the order. This repurchase arrangement is discretionary and may be withdrawn at any time.

REINVESTMENT PRIVILEGE-CLASS A SHARES

Upon written request, you may reinvest up to the number of Class A shares you have redeemed, within 30 days of redemption, at the then-prevailing net asset value without a sales load, or reinstate your account for the purpose of exercising the Exchange Privilege. The Reinvestment Privilege may be exercised only once.

DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

Class A and Class B shares are subject to a Shareholder Services Plan and Class B shares only are subject to a Distribution Plan.

DISTRIBUTION PLAN

Under the Distribution Plan, adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund pays Dreyfus Service Corporation for advertising, marketing and distributing Class B shares at an annual rate of .50 of 1% of the value of the average daily net assets of Class B. Under the Distribution Plan, Dreyfus Service Corporation may make payments to Service Agents in respect of these services. Dreyfus Service Corporation determines the amounts to be paid to Service Agents. Service Agents receive such fees in respect of the average daily value of Class B shares owned by their clients. From time to time, Dreyfus Service Corporation may defer or waive receipt of fees under the Distribution Plan while retaining the ability to be paid by the Fund under the Distribution Plan thereafter. The fees payable to Dreyfus Service Corporation under the Distribution Plan for advertising, marketing and distributing Class B shares and for

(32)

payments to Service Agents are payable without regard to actual expenses incurred.

SHAREHOLDER SERVICES PLAN

Under the Shareholder Services Plan, the Fund pays Dreyfus Service Corporation for the provision of certain services to the holders of Class A and Class B shares a fee at the annual rate of .25 of 1% of the value of the average daily net assets of Class A and Class B. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the Fund and providing reports and other information, and services related to the maintenance of shareholder accounts. Dreyfus Service Corporation may make payments to Service Agents in respect of these services. Dreyfus Service Corporation determines the amounts to be paid to Service Agents. Each Service Agent is required to disclose to its clients any compensation payable to it by the Fund pursuant to the Shareholder Services Plan and any other compensation payable by their clients in connection with the investment of their assets in Class A or Class B shares.

DIVIDENDS, DISTRIBUTIONS AND TAXES

DIVIDENDS AND DISTRIBUTIONS - Each Series of the Fund ordinarily declares dividends from its net investment income on each day the New York Stock Exchange is open for business. Fund shares begin earning income dividends on the day immediately available funds ("Federal Funds" (monies of member banks within the Federal Reserve System which are held on deposit at a Federal Reserve Bank)) are received by the Transfer Agent in written or telegraphic form. If a purchase order is not accompanied by remittance in Federal Funds, there may be a delay between the time the purchase order becomes effective and the time the shares purchased start earning dividends. If your payment is not made in Federal Funds, it must be converted into Federal Funds. This usually occurs within one business day of receipt of a bank wire and within two business days of receipt of a check drawn on a member bank of the Federal Reserve System. Checks drawn on banks which are not members of the Federal Reserve System may take considerably longer to convert into Federal Funds.

Dividends usually are paid on the last calendar day of each month and are automatically reinvested in additional shares of the Series and the Class from which they are paid at net asset value without a sales load or, at your option, paid in cash. Each Series' earnings for Saturdays, Sundays and holidays are declared as dividends on the preceding business day. If you redeem all shares in your account at any time during the month, all dividends to which you are entitled will be paid to you along with the proceeds of the redemption. Distributions by each Series from net realized securities gains, if any, generally are declared and paid once a year, but the Series may make distributions on a more frequent basis to comply with the distribution requirements of the Code, in all events in a manner

consistent with the provisions of the Investment Company Act of 1940. The Fund will not make distributions from net realized securities gains unless capital loss carryovers, if any, have been utilized or have expired. You may choose whether to receive dividends and distributions in cash or to reinvest in additional shares of the Series and the Class from which they were paid at net asset value without a sales load. All expenses are accrued daily and deducted before declaration of dividends to investors.

Dividends paid by each Class will be calculated at the same time and in the same manner and will be of the same amount, except that the expenses attributable solely to Class A or Class B will be borne exclusively by such Class. Class B shares will receive lower per share dividends than Class A shares because of the higher expenses borne by Class B. See "Fee Table."

FEDERAL TAX TREATMENT - Under the Code, each Series of the Fund is treated as a separate entity for purposes of qualification and taxation as a regulated investment company. Except for dividends from Taxable Investments, the Fund anticipates that substantially all dividends paid by a Series will not be subject to Federal income tax. Dividends derived from Taxable Investments, together with distributions from any net realized short-term securities gains and gains from the sale or other disposition of certain market discount bonds, are taxable as ordinary income whether or not reinvested. Distributions from net realized long-term securities

(33)

gains of a Series generally are taxable as long-term capital gains for Federal income tax purposes if you are a citizen or resident of the United States. Dividends and distributions attributable to gains derived from securities transactions and from the use of certain of the investment techniques described under "Description of the Fund - Investment Techniques," will be subject to Federal income tax. The Code provides that the net capital gain of an individual generally will not be subject to Federal income tax at a rate in excess of 28%. Under the Code, interest on indebtedness incurred or continued to purchase or carry shares of any Series which is deemed to relate to exempt-interest dividends is not deductible. No dividend paid by any Series will qualify for the dividends received deduction allowable to certain U.S. corporations.

The Code provides for the "carryover" of some or all of the sales load imposed on Class A shares of a Series if you exchange your Class A shares for shares of another Series or fund advised by The Dreyfus Corporation within 91 days of purchase and such other Series or fund reduces or eliminates its otherwise applicable sales load for the purpose of the exchange. In this case, the amount of the sales load charge for Class A shares, up to the amount of the reduction of the sales load charge on the exchange, is not included in the basis of your Class A shares for purposes of computing gain or loss on the exchange, and instead is added to the basis of the other Series or fund shares received on the exchange.

Although all or a substantial portion of the dividends paid by each Series may be excluded by shareholders of the Series from their gross income for Federal income tax purposes, each Series may purchase specified private activity bonds, the interest from which may be (i) a preference item for purposes of the alternative minimum tax, (ii) a component of the "adjusted current earnings" preference item for purposes of the corporate alternative minimum tax as well as a component in computing the corporate environmental tax or (iii) a factor in determining the extent to which a shareholder's Social Security benefits are taxable. If a Series purchases such securities, the portion of the Series' dividends related thereto will not necessarily be tax exempt to an investor who is subject to the alternative minimum tax and/or tax on Social Security benefits and may cause an investor to be subject to such taxes.

Dividends derived from net investment income, together with distributions from net realized short-term securities gains and gains from the sale or other disposition of certain market discount bonds, paid by a Series to a foreign investor generally are subject to U.S. nonresident withholding taxes at the rate of 30%, unless the foreign investor claims the benefit of a lower rate specified in a tax treaty. Distributions from net realized long-term securities gains paid by a Series to a foreign investor as well as the proceeds of any redemptions from a foreign investor's account, regardless of the extent to which gain or loss may be realized, generally will not be subject to U.S. nonresident withholding tax. However, such distributions may be subject to backup withholding, as described below, unless the foreign investor certifies his non-U.S. residency status.

Notice as to the tax status of your dividends and distributions will be mailed to you annually. You also will receive periodic summaries of your account which will include information as to dividends and

distributions from securities gains, if any, paid during the year. These statements set forth the dollar amount of income exempt from Federal tax and the dollar amount, if any, subject to Federal tax. These dollar amounts will vary depending on the size and length of time of your investment in the Fund. If a Series pays dividends derived from taxable income, it intends to designate as taxable the same percentage of the day's dividend as the actual taxable income earned on that day bears to total income earned on that day. Thus, the percentage of the dividend designated as taxable, if any, may vary from day to day.

Federal regulations generally require the Fund to withhold ("backup withholding") and remit to the U.S. Treasury 31% of taxable dividends, distributions from net realized securities gains and the proceeds of any redemption, regardless of the extent to which gain or loss may be realized, paid to a shareholder if such shareholder fails to certify either that the TIN furnished in connection with opening an account is correct or that such shareholder has not received notice from the IRS of being subject to backup withholding as a result of a failure to properly report taxable dividend or

(34)

interest income on a Federal income tax return.

Furthermore, the IRS may notify the Fund to institute backup withholding if the IRS determines a shareholder's TIN is incorrect or if a shareholder has failed to properly report taxable dividend and interest income on a Federal income tax return.

A TIN is either the Social Security number or employer identification number of the record owner of the account. Any tax withheld as a result of backup withholding does not constitute an additional tax imposed on the record owner of the account, and may be claimed as a credit on the record owner's Federal income tax return.

It is expected that each Series will qualify as a "regulated investment company" under the Code so long as such qualification is in the best interests of its shareholders. Such qualification relieves the Series of any liability for Federal income tax to the extent its earnings are distributed in accordance with applicable provisions of the Code. In addition, each Series of the Fund is subject to a non-deductible 4% excise tax, measured with respect to certain undistributed amounts of taxable investment income and capital gains.

STATE AND LOCAL TAX TREATMENT-Each State Series will invest primarily in Municipal Obligations of the State after which the Series is named. Except to the extent specifically noted below, dividends by a State Series are not subject to an income tax by such State to the extent that the dividends are attributable to interest on such Municipal Obligations. However, some or all of the other dividends or distributions by a Series may be taxable by those States that have income taxes, even if the dividends or distributions are attributable to income of the Series derived from obligations of the United States or its agencies or instrumentalities.

The Fund anticipates that a substantial portion of the dividends paid by each State Series will not be subject to income tax of the State after which the Series is named. However, to the extent that you are obligated to pay State or local taxes outside of such State, dividends earned by an investment in such Series may represent taxable income. Also, all or a portion of the dividends paid by a Series that are not subject to income tax of the State after which the Series is named may be a preference item for such State's alternative minimum tax (where imposed). Finally, you should be aware that State and local taxes, other than those described above, may apply to the dividends, distributions or shares of a Series.

The paragraphs below discuss the State tax treatment of dividends and distributions by each State Series to residents of the State after which such Series is named. Investors should consult their own tax advisers regarding specific questions as to Federal, State and local taxes.

CALIFORNIA SERIES-Except for dividends from Taxable Investments, the Fund anticipates that substantially all dividends paid by the California Series will not be subject to Federal or State of California personal income taxes.

If, at the close of each quarter of its taxable year, at least 50% of the value of the California Series' total assets consists of Federal tax exempt obligations, then the California Series may designate and pay Federal exempt-interest dividends from interest earned on all such tax exempt obligations. Such exempt-interest dividends may be excluded by shareholders of the California Series from their gross income for Federal income tax purposes.

If, at the close of each quarter of its taxable year, at least 50% of the value of the California Series' total assets consists of obligations which, when held by an individual, the interest therefrom is exempt from California personal income tax, and if the California Series qualifies as a management company under the California Revenue and Taxation Code, then the California Series will be qualified to pay dividends to its shareholders that are exempt from California personal income tax (but not from

California franchise tax) ("California exempt-interest dividends"). However, the total amount of California exempt-interest dividends paid by the California Series to a noncorporate shareholder with respect to any taxable year cannot exceed such shareholder's pro-rata share of interest received by the California Series during such year that is exempt from California taxation less any expenses and expenditures deemed to have been paid from such interest.

Unlike under Federal tax law, the California Series' shareholders will not be subject to

(35)

California personal income tax, or receive a credit for California taxes paid by the California Series, on undistributed capital gains. In addition, California tax law does not consider any portion of the exempt-interest dividends paid an item of tax preference for the purposes of computing the California alternative minimum tax.

CONNECTICUT SERIES-Dividends paid by the Connecticut Series that qualify as exempt-interest dividends for Federal income tax purposes are not subject to the Connecticut income tax on individuals, trusts and estates, to the extent that such dividends are derived from income received by the Series as interest from Connecticut Municipal Obligations or as interest from obligations the interest with respect to which Connecticut is prohibited by Federal law from taxing. Dividends derived from other sources, including distributions that qualify as capital gain dividends for Federal income tax purposes, are taxable by Connecticut. In the case of a shareholder subject to the Federal alternative minimum tax, an exempt-interest dividend treated as a preference item for purposes of such tax may be subject to the net Connecticut minimum tax.

Dividends qualifying as exempt-interest dividends for Federal income tax purposes that are distributed by the Connecticut Series to entities taxed as corporations under the Connecticut corporation business tax are not exempt from that tax.

The shares of the Connecticut Series are not subject to property taxation by the State of Connecticut or its political subdivisions.

FLORIDA SERIES-Dividends or distributions paid by the Florida Series to a Florida individual resident are not taxable by Florida. However, Florida imposes an intangible personal property tax on shares of the Series owned by a Florida resident on January 1 of each year unless such shares qualify for an exemption from the tax.

Dividends qualifying as exempt-interest dividends for Federal income tax purposes as well as other federally taxable dividends and distributions that are distributed by the Series to entities taxed as corporations under Florida law may not be exempt from the Florida corporate income tax.

The Fund has applied for a Technical Assistance Advisement from the State of Florida, Department of Revenue, to the effect that Florida Series' shares owned by a Florida resident will be exempt from the intangible personal property tax so long as the Series' portfolio includes only assets, such as notes, bonds, and other obligations issued by the State of Florida or its municipalities, counties, and other taxing districts, the United States Government, and its agencies, Puerto Rico, Guam, and the U.S. Virgin Islands, and other assets which are exempt from that tax.

NEW JERSEY SERIES-The New Jersey Series intends to be a "qualified investment fund" within the meaning of the New Jersey gross income tax. The primary criteria for constituting a "qualified investment fund" are that (i) such Series is an investment company registered with the Securities and Exchange Commission, which for the calendar year in which the dividends and distributions (if any) are paid, has no investments other than interest-bearing obligations, obligations issued at a discount, and cash and cash items, including receivables, and financial options, futures and forward contracts, or other similar financial instruments relating to interest-bearing obligations, obligations issued at a discount or bond indexes related thereto and (ii) at the close of each quarter of the taxable year, the Series has not less than 80% of the aggregate principal amount of all of its investments, excluding financial options, futures and forward contracts, or other similar financial instruments related to interest-bearing obligations, obligations issued at a discount or bond indexes related thereto, cash and cash items, which cash items shall include receivables, in New Jersey Municipal Obligations, territorial obligations and certain other specified securities. Additionally, a qualified investment fund must comply with certain continuing reporting requirements.

If the New Jersey Series qualifies as a qualified investment fund and the New Jersey Series complies with its reporting obligations, (a) dividends and distributions paid by the Series to a New Jersey resident individual shareholder will not be subject to New Jersey gross income tax to the extent that the dividends and distributions are respectively attributable to income earned by the Series as interest on or gain from New Jersey Municipal Obligations or

territorial obligations, and (b) gain from the sale of shares in the Series by a New Jersey resident individual shareholder will not be subject to the New Jersey gross income tax.

Shares of the New Jersey Series are not subject to property taxation by New Jersey or its political subdivisions.

NEW YORK SERIES-Except for dividends from Taxable Investments, the Fund anticipates that substantially all dividends paid by the New York Series will not be subject to Federal, New York State or New York City personal income taxes.

PERFORMANCE INFORMATION

For purposes of advertising, performance for each Class of shares may be calculated on several bases, including current yield, tax equivalent yield, average annual total return and/or total return. These total return figures reflect changes in the price of the shares and assume that any income dividends and/or capital gains distributions made by the Fund during the measuring period were reinvested in shares of the same Class. Class A total return figures include the maximum initial sales charge and Class B total return figures include any applicable CDSC. These figures also take into account any applicable service and distribution fees. As a result, at any given time, the performance of Class B should be expected to be lower than that of Class A. Performance for each Class will be calculated separately.

Current yield refers to each Series' annualized net investment income per share over a 30-day period, expressed as a percentage of the maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B at the end of the period. For purposes of calculating current yield, the amount of net investment income per share during that 30-day period, computed in accordance with regulatory requirements, is compounded by assuming that it is reinvested at a constant rate over a six-month period. An identical result is then assumed to have occurred during a second six-month period which, when added to the result for the first six months, provides an "annualized" yield for an entire one-year period. Calculations of each Series' current yield may reflect absorbed expenses pursuant to any undertaking that may be in effect. See "Management of the Fund."

Tax equivalent yield is calculated by determining the pre-tax yield which, after being taxed at a stated rate, would be equivalent to a stated current yield calculated as described above.

Average annual total return is calculated pursuant to a standardized formula which assumes that an investment in a Series was purchased with an initial payment of \$1,000 and that the investment was redeemed at the end of a stated period of time, after giving effect to the reinvestment of dividends and distributions during the period. The return is expressed as a percentage rate which, if applied on a compounded annual basis, would result in the redeemable value of the investment at the end of the period. Advertisements of each Series' performance will include such Series' average annual total return of Class A and Class B for one, five and ten year periods, or for shorter periods depending upon the length of time during which each Series has operated. Computations of average annual total return for periods of less than one year represent an annualization of a Series' actual total return for the applicable period. A Series' actual total return for its first full year of operation cannot be predicted and is therefore likely to be different from any such annualized computation.

Total return is computed on a per share basis and assumes the reinvestment of dividends and distributions. Total return generally is expressed as a percentage rate which is calculated by combining the income and principal changes for a specified period and dividing by the maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B at the beginning of the period. Advertisements may include the percentage rate of total return or may include the value of a hypothetical investment at the end of the period which assumes the application of the percentage rate of total return. Total return also may be calculated by using the net asset value per share at the beginning of the period instead of the maximum offering price per share at the beginning of the period for Class A shares or without giving effect to any applicable CDSC at the end of the period for Class B

shares. Calculations based on the net asset value per share do not reflect the deduction of the applicable sales charge which, if reflected, would reduce the performance quoted.

Performance will vary from time to time and past results are not necessarily representative of future results. Investors should remember that performance is a function of portfolio management in selecting the type and quality of portfolio securities and is affected by operating expenses. Performance information, such as that described above, may not

provide a basis for comparison with other investments or other investment companies using a different method of calculating performance.

Comparative performance information may be used from time to time in advertising the Fund's shares, including data from Lipper Analytical Services, Inc., Moody's Bond Survey Bond Index, Lehman Brothers Municipal Bond Index, Morningstar, Inc. and other industry publications.

GENERAL INFORMATION

The Fund was organized as an unincorporated business trust under the laws of the Commonwealth of Massachusetts pursuant to an Agreement and Declaration of Trust (the "Trust Agreement") dated March 12, 1992, and commenced operations on August 19, 1993. On December 8, 1993, the Fund's name was changed from Premier California Insured Municipal Bond Fund to Premier Insured Municipal Bond Fund. The Fund is authorized to issue an unlimited number of shares of beneficial interest, par value \$.001 per share. Each Series' shares are classified into two classes Class A and Class B. Each share has one vote and shareholders will vote in the aggregate and not by class except as otherwise required by law or when class voting is permitted by the Board of Trustees. However, holders of Class A and Class B shares will be entitled to vote on matters submitted to shareholders pertaining to the Shareholder Services Plan and only holders of Class B shares will be entitled to vote on matters submitted to shareholders pertaining to the Distribution Plan.

To date, the Trustees have authorized the creation of six Series of shares. All consideration received by the Fund for shares of one of the Series and all assets in which such consideration is invested, will belong to that Series (subject only to the rights of creditors of the Fund) and will be subject to the liabilities related thereto. The income attributable to, and the expenses of, one Series would be treated separately from those of the other Series.

Rule 18f-2 under the Investment Company Act of 1940 provides that any matter required to be submitted under the provisions of the Investment Company Act of 1940 or applicable state law or otherwise, to the holders of the outstanding voting securities of an investment company such as the Fund will not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding shares of each Series affected by such matter. Rule 18f-2 further provides that a Series shall be deemed to be affected by a matter unless it is clear that the interests of each Series in the matter are identical or that the matter does not affect any interest of such Series. However, the Rule exempts the selection of independent accountants and the election of trustees from the separate voting requirements of the Rule.

Under Massachusetts law, shareholders could, under certain circumstances, be held personally liable for the obligations of the Fund. However, the Trust Agreement disclaims shareholder liability for acts or obligations of the Fund and requires that notice of such disclaimer be given in each agreement, obligation or instrument entered into or executed by the Fund or a Trustee. The Trust Agreement provides for indemnification from the Fund's property for all losses and expenses of any shareholder held personally liable for the obligations of the Fund. Thus, the risk of a shareholder's incurring financial loss on account of shareholder liability is limited to circumstances in which the Fund itself would be unable to meet its obligations, a possibility which management believes is remote. Upon payment of any liability incurred by the Fund, the shareholder paying such liability will be entitled to reimbursement from the general assets of the Fund. The Trustees intend to conduct the operations of the Fund in such a way so as to avoid, as far as possible, ultimate liability of the shareholders for liabilities of the Fund. As discussed

(38)

under "Management of the Fund" in the Statement of Additional Information, the Fund ordinarily will not hold shareholder meetings; however, shareholders under certain circumstances may have the right to call a meeting of shareholders for the purpose of voting to remove Trustees.

The Transfer Agent maintains a record of your ownership and will send you confirmations and statements of account.

Shareholder inquiries may be made to your Service Agent or by writing to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE FUND'S OFFICIAL SALES LITERATURE IN

CONNECTION WITH THE OFFER OF THE FUND'S SHARES, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER IN ANY STATE IN WHICH, OR TO ANY PERSON TO WHOM, SUCH OFFERING MAY NOT LAWFULLY BE MADE.

(39)

PREMIER INSURED MUNICIPAL BOND FUND
CLASS A AND CLASS B SHARES
PART B
(STATEMENT OF ADDITIONAL INFORMATION)

FEBRUARY 14, 1994

This Statement of Additional Information, which is not a prospectus, supplements and should be read in conjunction with the current Prospectus of Premier Insured Municipal Bond Fund (the "Fund"), dated February 14, 1994, as it may be revised from time to time. To obtain a copy of the Fund's Prospectus, please write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144.

The Dreyfus Corporation (the "Manager") serves as the Fund's investment adviser.

Dreyfus Service Corporation (the "Distributor"), a wholly-owned subsidiary of the Manager, is the distributor of the Fund's shares.

TABLE OF CONTENTS

	Page
Investment Objective and Management Policies	B-2
Management of the Fund	B-10
Management Agreement	B-14
Purchase of Fund Shares	B-16
Distribution Plan and Shareholder Services Plan	B-17
Redemption of Fund Shares	B-19
Shareholder Services	B-21
Determination of Net Asset Value	B-24
Dividends, Distributions and Taxes	B-25
Portfolio Transactions	B-27
Performance Information	B-27
Information About the Fund	B-29
Custodian, Transfer and Dividend Disbursing Agent, Counsel and Independent Auditors	B-30
Appendix A	B-31
Appendix B	B-70
Financial Statements	B-76
Report of Independent Auditors	B-78

INVESTMENT OBJECTIVE AND MANAGEMENT POLICIES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Description of the Fund."

The average distribution of investments (at value) in Municipal Obligations by ratings for the California Series for the period from August 19, 1993 (commencement of operations) to December 31, 1993, computed on a monthly basis, was as follows:

Fitch Investors Service, Inc. ("Fitch")	Moody's Investors Service, Inc. ("Moody's")	Standard & Poor's Corporation ("S&P")	Percentage of Value
AAA	Aaa	AAA	100.0%
			=====

Municipal Obligations. The term "Municipal Obligations" generally includes debt obligations issued to obtain funds for various public

purposes, including the construction of a wide range of public facilities such as airports, bridges, highways, housing, hospitals, mass transportation, schools, streets and water and sewer works. Other public purposes for which Municipal Obligations may be issued include refunding outstanding obligations, obtaining funds for general operating expenses and lending such funds to other public institutions and facilities. In addition, certain types of industrial development bonds are issued by or on behalf of public authorities to obtain funds to provide for the construction, equipment, repair or improvement of privately operated housing facilities, sports facilities, convention or trade show facilities, airport, mass transit, industrial, 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 paid on such obligations may be exempt from Federal income tax, although current tax laws place substantial limitations on the size of such issues. Such obligations are considered to be Municipal Obligations if the interest paid thereon qualifies as exempt from Federal income tax in the opinion of bond counsel to the issuer. There are, of course, variations in the security of Municipal Obligations, both within a particular classification and between classifications.

Floating and variable rate demand notes and bonds are tax exempt obligations ordinarily having stated maturities in excess of one year, but which permit the holder to demand payment of principal at any time or at specified intervals. The issuer of such obligations ordinarily has a corresponding right, after a given period, to prepay in its discretion the outstanding principal amount of the obligations plus accrued interest upon a specified number of days' notice to the holders thereof. The interest rate on a floating rate demand obligation is based on a known lending rate, such as a bank's prime rate, and is adjusted automatically each time such rate is adjusted. The interest rate on a variable rate demand obligation is adjusted automatically at specified intervals.

Municipal lease obligations or installment purchase contract obligations (collectively, "lease obligations") have special risks not ordinarily associated with Municipal Obligations. Although lease obligations do not constitute general obligations of the municipality for which the municipality's taxing power is pledged, a lease obligation ordinarily is backed by the municipality's covenant to budget for, appropriate and make the payments due under the lease obligation. However, certain lease obligations 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" lease obligations are secured by the leased property, disposition of the property in the event of foreclosure might prove difficult. Each Series will seek to minimize these risks by not investing more than 15% of the value of its net assets in lease obligations 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 enhance its marketability in the event foreclosure on the underlying equipment is ever required. The staff of the Securities and Exchange Commission currently considers certain lease obligations to be illiquid. Accordingly, no Series will invest more than 15% of the value of its net assets in lease obligations that are illiquid and in other illiquid securities. See "Investment Restriction No. 11" below.

A Series will purchase tender option bonds only when the Fund is satisfied that the custodial and tender option arrangements, including the fee payment arrangements, will not adversely affect the tax exempt status of the underlying Municipal Obligations and that payment of any tender fees will not have the effect of creating taxable income for the Series. Based on the tender option bond agreement, the Fund expects to be able to value the tender option bond at par; however, the value of the instrument will be monitored to assure that it is valued at fair value.

The yields on Municipal Obligations are dependent on a variety of factors, including general economic and monetary conditions, money market factors, conditions in the Municipal Obligations market, size of a particular offering, maturity of the obligation, and rating of the issue.

The imposition of the Fund's management fee, as well as other operating expenses, including fees paid under the Fund's Shareholder Services Plan with respect to Class A and Class B shares and the Distribution Plan with respect to Class B shares only, will have the effect of reducing the yield to investors.

Insurance Feature. The Mutual Fund Insurance policies provide for a policy period of one year which the insurer typically renews for successive annual periods at the request of the Fund for so long as the Fund is in compliance with the terms of the relevant policy. The insurance premiums are payable monthly by the Fund and are adjustable for purchases and sales of covered Municipal Obligations during the month on a daily basis. Premium rates for each issue of Municipal Obligations covered by the Mutual Fund Insurance are fixed for as long as the Fund owns the security, although similar Municipal Obligations purchased at different times may have different premiums. In addition to the payment of premiums, each Mutual Fund Insurance policy requires that the Fund notify the insurer on a daily basis as to all Municipal Obligations in the insured portfolio and permits the insurer to audit its records. The insurer cannot cancel coverage already in force with respect to Municipal Obligations owned by the Fund and covered by the Mutual Fund Insurance policy, except for nonpayment of premiums.

Municipal Obligations are eligible for Mutual Fund Insurance if, at the time of purchase by the Fund, they are identified separately or by category in qualitative guidelines furnished by the insurer and are in compliance with the aggregate limitations set forth in such guidelines. Premium variations are based in part on the rating of the security being insured at the time the Fund purchases such security. The insurer may prospectively withdraw particular securities from the classifications of securities eligible for insurance or change the aggregate amount limitation of each issue or category of eligible Municipal Obligations but must continue to insure the full amount of such securities previously acquired so long as they remain in the Fund's portfolio. The qualitative guidelines and aggregate amount limitations established by the insurer from time to time will not necessarily be the same as the Fund or the Manager would use to govern selection of securities for the Fund's portfolio. Therefore, from time to time such guidelines and limitations may affect portfolio decisions.

New Issue Insurance provides that in the event of a municipality's failure to make payment of principal or interest on an insured Municipal Obligation, the payment will be made promptly by the insurer. There are no deductible clauses or cancellation provisions, and the tax exempt status of the securities is not affected. The premiums, whether paid by the issuing municipality or the municipal bond dealer underwriting the issue, are paid in full for the life of the Municipal Obligation. The statement of insurance is attached to or printed on the instrument evidencing the Municipal Obligation purchased by the Fund and becomes part of the Municipal Obligation. The benefits of the insurance accompany the Municipal Obligations in any resale.

Ratings of Municipal Obligations. Subsequent to its purchase by the Fund, an issue of rated Municipal Obligations may cease to be rated or its rating may be reduced below the minimum required for purchase by the Fund. Neither event will require the sale of such Municipal Obligations by the Fund, but the Manager will consider such event in determining whether the Fund should continue to hold the Municipal Obligations. To the extent that the ratings given by Moody's, S&P or Fitch for Municipal Obligations may change as a result of changes in such organizations or their rating systems, the Fund will attempt to use comparable ratings as standards for the Series investments in accordance with the investment policies contained in the Fund's Prospectus and this Statement of Additional Information. The ratings of Moody's, S&P and Fitch represent their opinions as to the quality of the Municipal Obligations which they undertake to rate. It should be emphasized, however, that ratings are relative and subjective and are not absolute standards of quality. Although these ratings may be an initial criterion for selection of portfolio investments, the Manager also will evaluate these securities.

Futures Contracts and Options on Futures Contracts. Upon exercise of an option on a futures contract, the writer of the option delivers to the holder of the option the futures position and the accumulated balance in the writer's futures margin account, which represents the amount by which the market price of the futures contract exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract. The potential loss related to the purchase of options on futures contracts is limited to the premium paid for the option (plus transaction costs). Because the value of the option is fixed at the time of sale, there are no daily cash payments to reflect changes in the

value of the underlying contract; however, the value of the option does change daily and that change would be reflected in the net asset value of the relevant Series.

Lending Portfolio Securities. To a limited extent, each Series may lend its portfolio securities to brokers, dealers and other financial institutions, provided it receives cash collateral which at all times is maintained in an amount equal to at least 100% of the current market value of the securities loaned. By lending its portfolio securities, a Series can increase its income through the investment of the cash collateral. For purposes of this policy, the Fund considers collateral consisting of U.S. Government securities or irrevocable letters of credit issued by banks whose securities meet the standards for investment by the Series to be the equivalent of cash. Such loans may not exceed 33 1/3% of the value of the Series' total assets. From time to time, the Series may return to the borrower or a third party which is unaffiliated with the Fund, and which is acting as a "placing broker," a part of the interest earned from the investment of collateral received for securities loaned.

The Securities and Exchange Commission currently requires that the following conditions must be met whenever portfolio securities are loaned: (1) the Series must receive at least 100% cash collateral from the borrower; (2) the borrower must increase such collateral whenever the market value of the securities rises above the level of such collateral; (3) the Series must be able to terminate the loan at any time; (4) the Series must receive reasonable interest on the loan, as well as any interest or other distributions payable on the loaned securities, and any increase in market value; and (5) the Series may pay only reasonable custodian fees in connection with the loan. These conditions may be subject to future modification.

Taxable Investments. Securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities include U.S. Treasury securities, which differ in their interest rates, maturities and times of issuance. Treasury Bills have initial maturities of one year or less; Treasury Notes have initial maturities of one to ten years; and Treasury Bonds generally have initial maturities of greater than ten years. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, for example, Government National Mortgage Association pass-through certificates, are supported by the full faith and credit of the U.S. Treasury; others, such as those of the Federal Home Loan Banks, by the right of the issuer to borrow from the U.S. Treasury; others, such as those issued by the Federal National Mortgage Association, by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others, such as those issued by the Student Loan Marketing Association, only by the credit of the agency or instrumentality. These securities bear fixed, floating or variable rates of interest. Principal and interest may fluctuate based on generally recognized reference rates or the relationship of rates. While the U.S. Government provides financial support to such U.S. Government - sponsored agencies or instrumentalities, no assurance can be given that it will always do so, since it is not so obligated by law. The Fund will invest in such securities only when it is satisfied that the credit risk with respect to the issuer is minimal.

Commercial paper consists of short-term, unsecured promissory notes issued to finance short-term credit needs.

Certificates of deposit are negotiable certificates representing the obligation of a bank to repay funds deposited with it for a specified period of time.

Time deposits are non-negotiable deposits maintained in a banking institution for a specified period of time at a stated interest rate. Investments in time deposits generally are limited to London branches of domestic banks that have total assets in excess of one billion dollars. Time deposits which may be held by the Fund will not benefit from insurance from the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation.

Bankers' acceptances are credit instruments evidencing the obligation of a bank to pay a draft drawn on it by a customer. These instruments reflect the obligation both of the bank and of the drawer to pay the face amount of the instrument upon maturity. Other short-term bank obligations may include uninsured, direct obligations bearing fixed, floating and variable interest rates.

Repurchase agreements involve the acquisition by the Series of an underlying debt instrument, subject to an obligation of the seller to

repurchase, and the Series to resell, the instrument at a fixed price, usually not more than one week after its purchase. The Fund's custodian or sub-custodian will have custody of, and will hold in a segregated account, securities acquired by the Fund under a repurchase agreement. Repurchase agreements are considered by the staff of the Securities and Exchange Commission to be loans by the Series which enters into them. In an attempt to reduce the risk of incurring a loss on a repurchase agreement, a Series will enter into repurchase agreements only with domestic banks with total assets in excess of one billion dollars or primary government securities dealers reporting to the Federal Reserve Bank of New York, with respect to securities of the type in which the Series may invest, and will require that additional securities be deposited with it if the value of the securities purchased should decrease below resale price. The Manager will monitor on an ongoing basis the value of the collateral to assure that it always equals or exceeds the repurchase price. Certain costs may be incurred by the Series in connection with the sale of the securities if the seller does not repurchase them in accordance with the repurchase agreement. In addition, if bankruptcy proceedings are commenced with respect to the seller of the securities, realization on the securities by the Series may be delayed or limited. The Fund will consider on an ongoing basis the creditworthiness of the institutions with which the Series enter into repurchase agreements.

Risk Factors

Investing in State Municipal Obligations (State Series only). Investors should review Appendix A which sets forth additional information relating to investing in State Municipal Obligations.

Investment Restrictions. The Fund has adopted investment restrictions numbered 1 through 7 as fundamental policies which will apply to each Series. These restrictions cannot be changed as to a Series without approval by the holders of a majority (as defined in the Investment Company Act of 1940, as amended (the "Act")) of such Series' outstanding voting shares. Investment restrictions numbered 8 through 12 are not fundamental policies and may be changed by vote of a majority of the Trustees at any time. No Series may:

1. Invest more than 25% of the value of its assets in the securities of issuers in any single industry; provided that there shall be no limitation on the purchase of Municipal Obligations and, for temporary defensive purposes, obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

2. Borrow money, except from banks for temporary or emergency (not leveraging) purposes in an amount up to 15% of the value of the Series' total assets (including the amount borrowed) based on the lesser of cost or market, less liabilities (not including the amount borrowed) at the time the borrowing is made. While borrowings exceed 5% of the value of the Series' total assets, the Series will not make any additional investments. For purposes of this Investment Restriction, the entry into options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes shall not constitute borrowing.

3. Purchase or sell real estate, commodities or commodity contracts, or oil and gas interests, but this shall not prevent the Fund from investing in Municipal Obligations secured by real estate or interests therein, or prevent the Fund from purchasing and selling options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes.

4. Underwrite the securities of other issuers, except that the Series may bid separately or as part of a group for the purchase of Municipal Obligations directly from an issuer for its own portfolio to take advantage of the lower purchase price available, and except to the extent the Series may be deemed an underwriter under the Securities Act of 1933, as amended, by virtue of disposing of portfolio securities.

5. Make loans to others, except through the purchase of debt obligations and the entry into repurchase agreements; however, the Fund may lend each Series' portfolio securities in an amount not to exceed 33-1/3% of the value of the Series' total assets. Any loans of portfolio securities will be made according to guidelines established by the Securities and Exchange Commission and the Fund's Board of Trustees.

6. Issue any senior security (as such term is defined in Section 18(f) of the Act), except to the extent that the activities permitted in Investment Restrictions numbered 2, 3 and 10 may be deemed to give rise to

a senior security.

7. Purchase securities on margin, but the Series may make margin deposits in connection with transactions in options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes.

8. Purchase securities other than Municipal Obligations and Taxable Investments and those arising out of transactions in futures and options or as otherwise provided in the Fund's Prospectus.

9. Invest in securities of other investment companies, except to the extent permitted under the Act.

10. Pledge, hypothecate, mortgage or otherwise encumber its assets, except to the extent necessary to secure permitted borrowings and to the extent related to the deposit of assets in escrow in connection with the purchase of securities on a when-issued or delayed-delivery basis and collateral and initial or variation margin arrangements with respect to options, forward contracts, futures contracts, including those related to indexes, and options on futures contracts or indexes.

11. Enter into repurchase agreements providing for settlement in more than seven days after notice or purchase securities which are illiquid (which securities could include, if there is no secondary market, participation interests (including municipal lease/purchase agreements) that are not subject to the demand feature described in the Fund's Prospectus, and floating and variable rate demand obligations as to which the Fund cannot exercise the demand feature described in the Fund's Prospectus on less than seven days' notice), if, in the aggregate, more than 15% of the value of the Series' net assets would be so invested.

12. Invest in companies for the purpose of exercising control.

For purposes of Investment Restriction No. 1, industrial development bonds, where the payment of principal and interest is the ultimate responsibility of companies within the same industry, are grouped together as an "industry."

As a fundamental policy, the Fund may invest, notwithstanding any other investment restriction (whether or not fundamental), all of a Series' assets in the securities of a single open-end management investment company with substantially the same fundamental investment objective, policies and restrictions as such Series. The Fund will notify shareholders at least 60 days prior to any implementation of such policy.

If a percentage restriction is adhered to at the time of investment, a later increase in percentage resulting from a change in values or assets will not constitute a violation of such restriction.

The Fund may make commitments more restrictive than the restrictions listed above so as to permit the sale of Series shares in certain states. Should the Fund determine that a commitment is no longer in the best interests of a Series and its shareholders, the Fund reserves the right to revoke the commitment by terminating the sale of such Series shares in the state involved.

MANAGEMENT OF THE FUND

Trustees and officers of the Fund, together with information as to their principal business occupations during at least the last five years, are shown below. Each Trustee who is deemed to be an "interested person" of the Fund (as defined in the Act) is indicated by an asterisk.

Trustees and Officers of the Fund

CLIFFORD L. ALEXANDER, JR., Trustee. President of Alexander & Associates, Inc., a management consulting firm. From 1977 to 1981, Mr. Alexander served as Secretary of the Army and Chairman of the Board of the Panama Canal Company, and from 1975 to 1977, he was a member of the Washington, D.C. law firm of Verner, Liipfert, Bernhard, McPherson and Alexander. He is a director of American Home Products Corporation, The Dun & Bradstreet Corporation, MCI Communications Corporation, Mutual of America Life Insurance Company and Equitable Resources, Inc., a producer and distributor of natural gas and crude petroleum. His address is 400 C Street, N.E., Washington, D.C. 20002.

PEGGY C. DAVIS, Trustee. Professor of Law, New York University

School of Law. Professor Davis has been a member of the New York University law faculty since 1983. Prior to that time, she served for three years as a judge in the courts of New York State; was engaged for eight years in the practice of law, working in both corporate and non-profit sectors; and served for two years as a criminal justice administrator in the government of the City of New York. She writes and teaches in the fields of evidence, constitutional theory, family law, social sciences and the law, legal process and professional methodology and training. Her address is c/o New York University School of Law, 249 Sullivan Street, New York, New York 10012.

ERNEST KAFKA, Trustee. A physician engaged in private practice specializing in the psychoanalysis of adults and adolescents. Since 1981, he has served as an Instructor at the New York Psychoanalytic Institute and, prior thereto, held other teaching positions. For more than the past five years, Dr. Kafka has held numerous administrative positions and has published many articles on subjects in the field of psychoanalysis. His address is 23 East 92nd Street, New York, New York 10128.

SAUL B. KLAMAN, Trustee. Chairman and Chief Executive Officer of SBK Associates, which provides research and consulting services to financial institutions. Dr. Klamann was President of the National Association of Mutual Savings Banks until November 1983, President of the National Council of Savings Institutions until June 1985, Vice Chairman of Golembe Associates and BEI Golembe, Inc. until 1989 and Chairman Emeritus of BEI Golembe, Inc. until November 1992. He also served as an Economist to the Board of Governors of the Federal Reserve System and on several Presidential Commissions and has held numerous consulting and advisory positions in the fields of economics and housing finance. His address is 431-B Dedham Street, The Gables, Newton Center, Massachusetts 02159.

NATHAN LEVENTHAL, Trustee. President of Lincoln Center for the Performing Arts, Inc. Mr. Leventhal was Deputy Mayor for Operations of New York City from September 1979 to March 1984 and Commissioner of the Department of Housing Preservation and Development of New York City from February 1978 to September 1979. Mr. Leventhal was an associate and then a member of the New York law firm of Poletti Freidin Prashker Feldman and Gartner from 1974 to 1978. He was Commissioner of Rent and Housing Maintenance for New York City from 1972 to 1973. His address is 70 Lincoln Center Plaza, New York, New York 10023-6583.

*RICHARD J. MOYNIHAN, Trustee, President and Investment Officer. An employee of the Manager and an officer, director or trustee of other investment companies advised or administered by the Manager. His address is 200 Park Avenue, New York, New York 10166.

Each of the "non-interested" Trustees is also a trustee of General California Municipal Money Market Fund, General New York Municipal Money Market Fund, Premier California Municipal Bond Fund, Premier GNMA Fund, Premier Municipal Bond Fund, Premier New York Municipal Bond Fund and Premier State Municipal Bond Fund and a director of Dreyfus Appreciation Fund, Inc., General California Municipal Bond Fund, Inc., General Government Securities Money Market Fund, Inc., General Money Market Fund, Inc., General Municipal Bond Fund, Inc., General Municipal Money Market Fund, Inc., General New York Municipal Bond Fund, Inc. and Premier Growth Fund, Inc. Mr. Alexander is also a director of The Dreyfus Socially Responsible Growth Fund, Inc. and The Dreyfus Third Century Fund, Inc.

For so long as the Fund's plans described in the section captioned "Distribution Plan and Shareholder Services Plan" remain in effect, the Trustees of the Fund who are not "interested persons" of the Fund, as defined in the Act, will be selected and nominated by the Trustees who are not "interested persons" of the Fund.

Ordinarily meetings of shareholders for the purpose of electing Trustees will not be held unless and until such time as less than a majority of the Trustees holding office have been elected by shareholders, at which time the Trustees then in office will call a shareholders' meeting for the election of Trustees. Under the Act, shareholders of record of not less than two-thirds of the outstanding shares of the Fund may remove a Trustee through a declaration in writing or by vote cast in person or by proxy at a meeting called for that purpose. Under the Fund's Agreement and Declaration of Trust, the Trustees are required to call a meeting of shareholders for the purpose of voting upon the question of

removal of any such Trustee when requested in writing to do so by the shareholders of record of not less than 10% of the Fund's outstanding shares.

The Fund does not pay any remuneration to its officers and Trustees other than fees and expenses of Trustees who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of the Manager, which totalled \$2,810 for the period from August 19, 1993 (commencement of operations) to December 31, 1993.

Officers of the Fund Not Listed Above

A. PAUL DISDIER, Vice President and Investment Officer. An employee of the Manager and an officer of other investment companies advised and administered by the Manager.

KAREN M. HAND, Vice President and Investment Officer. An employee of the Manager and an officer of other investment companies advised and administered by the Manager.

STEPHEN C. KRIS, Vice President and Investment Officer. An employee of the Manager and an officer of other investment companies advised and administered by the Manager.

L. LAWRENCE TROUTMAN, Vice President and Investment Officer. An employee of the Manager and an officer of other investment companies advised and administered by the Manager.

SAMUEL J. WEINSTOCK, Vice President and Investment Officer. An employee of the Manager and an officer of other investment companies advised and administered by the Manager.

MONICA S. WIEBOLDT, Vice President and Investment Officer. An employee of the Manager and an officer of other investment companies advised and administered by the Manager.

JILL C. SHAFFRO, Vice President and Investment Officer. An employee of the Manager and an officer of other investment companies advised and administered by the Manager.

ELIE M. GENADRY, Vice President. Vice President--Institutional Sales of the Manager, Executive Vice President of the Distributor and an officer of other investment companies advised or administered by the Manager.

DANIEL C. MACLEAN, Vice President. Vice President and General Counsel of the Manager, Secretary of the Distributor and an officer or director of other investment companies advised or administered by the Manager.

DONALD A. NANFELDT, Vice President. Executive Vice President of the Distributor and an officer of other investment companies advised or administered by the Manager.

JEFFREY N. NACHMAN, Vice President and Treasurer. Vice President--Mutual Fund Accounting of the Manager and an officer of other investment companies advised or administered by the Manager.

MARK N. JACOBS, Secretary. Secretary and Deputy General Counsel of the Manager and an officer of other investment companies advised or administered by the Manager.

GREGORY S. GRUBER, Controller. Senior Accounting Manager in the Fund Accounting Department of the Manager and an officer of other investment companies advised or administered by the Manager.

STEVEN F. NEWMAN, Assistant Secretary. Associate General Counsel of the Manager and an officer of other investment companies advised or administered by the Manager.

CHRISTINE PAVALOS, Assistant Secretary. Assistant Secretary of the Manager, the Distributor and other investment companies advised or administered by the Manager.

The address of each officer of the Fund is 200 Park Avenue, New York, New York 10166.

Trustees and officers of the Fund, as a group, owned less than 1% of the Fund's shares of beneficial interest outstanding on January 21, 1994.

The following shareholders are known by the Fund to own, of record, more than 5% of the California Series voting securities outstanding on January 21, 1994:

J. & H. Garrison, San Diego, California--11.9% of Class A; K. & W. Parkin, Santa Rosa, California--7.3% of Class A; B. & M. Frederiksen, Laguna Hills, California--45.0% of Class B (may be deemed to be a "Control Person" as defined in the Act); G. & L. Wilson, San Francisco, California--7.0% of Class B; J. Moran, San Francisco, California--6.5% of Class B.

The following persons also are officers and/or directors of The Dreyfus Corporation: Howard Stein, Chairman of the Board and Chief Executive Officer; Julian M. Smerling, Vice Chairman of the Board of Directors; Joseph S. DiMartino, President, Chief Operating Officer and a director; Alan M. Eisner, Vice President and Chief Financial Officer; David W. Burke, Vice President and Chief Administrative Officer; Robert F. Dubuss, Vice President; Peter A. Santoriello, Vice President; Robert H. Schmidt, Vice President; Kirk V. Stumpp, Vice President--New Product Development; Philip L. Toia, Vice President; John J. Pyburn, Assistant Vice President; Katherine C. Wickham, Vice President--Human Resources; Maurice Bendrihem, Controller; and Mandell L. Berman, Alvin E. Friedman, Lawrence M. Greene, Abigail Q. McCarthy and David B. Truman, directors.

MANAGEMENT AGREEMENT

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Management of the Fund."

The Manager provides management services pursuant to the Management Agreement (the "Agreement") with the Fund dated April 21, 1993. As to each Series, the Agreement is subject to annual approval by (i) the Fund's Board of Trustees or (ii) vote of a majority (as defined in the Act) of the outstanding voting securities of such Series, provided that in either event the continuance also is approved by a majority of the Trustees who are not "interested persons" (as defined in the Act) of the Fund or the Manager, by vote cast in person at a meeting called for the purpose of voting on such approval. The Agreement was last approved by the Fund's Board of Trustees, including a majority of the Trustees who are not "interested persons" of any party to the Agreement, at a meeting held on January 26, 1994. The Agreement is terminable without penalty, as to each Series, on 60 days' notice, by the Fund's Board of Trustees or by vote of the holders of a majority of such Series' shares, or, on not less than 90 days' notice, by the Manager. The Agreement will terminate automatically, as to the relevant Series, in the event of its assignment (as defined in the Act).

The Manager manages each Series' portfolio of investments in accordance with the stated policies of such Series, subject to the approval of the Fund's Board of Trustees. The Manager is responsible for investment decisions, and provides the Fund with Investment Officers who are authorized by the Board of Trustees to execute purchases and sales of securities. The Fund's Investment Officers are A. Paul Disdier, Karen M. Hand, Stephen C. Kris, Richard J. Moynihan, Jill C. Shaffro, L. Lawrence Troutman, Samuel J. Weinstock and Monica S. Wieboldt. The Manager also maintains a research department with a professional staff of portfolio managers and securities analysts who provide research services for the Fund as well as for other funds advised by the Manager. All purchases and sales are reported for the Trustees' review at the meeting subsequent to such transactions.

All expenses incurred in the operation of the Fund are borne by the Fund, except to the extent specifically assumed by the Manager. The expenses borne by the Fund include: organizational costs, taxes, interest, loan commitment fees, interest and distributions paid on securities sold short, brokerage fees and commissions, if any, fees of Trustees who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of the Manager, Securities and Exchange Commission fees, state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of independent pricing services, costs of maintaining the Fund's existence, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of shareholders' reports and meetings, and any extraordinary expenses. Class A and Class B shares are subject to an annual service fee for ongoing personal services relating to shareholder accounts and services related to the maintenance of shareholder accounts.

In addition, Class B shares are subject to an annual distribution fee for advertising, marketing and distributing Class B shares pursuant to a distribution plan adopted in accordance with Rule 12b-1 under the Act. See "Distribution Plan and Shareholder Services Plan." Expenses attributable to a particular Series are charged against the assets of that Series; other expenses of the Fund are allocated among the Series on the basis determined by the Board of Trustees, including, but not limited to, proportionately in relation to the net assets of each Series.

The Manager pays the salaries of all officers and employees employed by both it and the Fund, maintains office facilities and furnishes statistical and research data, clerical help, accounting, data processing, bookkeeping and internal auditing and certain other required services. The Manager also may make such advertising and promotional expenditures, using its own resources, as it from time to time deems appropriate.

As compensation for the Manager's services to the Fund, the Fund has agreed to pay the Manager a monthly management fee at the annual rate of .55 of 1% of the value of each Series' average daily net assets. No management fee was paid by the Fund with respect to the California Series for the period from August 19, 1993 (commencement of operations) to December 31, 1993.

The Manager has agreed that if in any fiscal year the aggregate expenses of each Series, exclusive of taxes, brokerage fees, interest on borrowings and (with the prior written consent of the necessary state securities commissions) extraordinary expenses, but including the management fee, exceed the expense limitation of any state having jurisdiction over such Series, the Fund may deduct from the payment to be made to the Manager under the Agreement, or the Manager will bear, such excess expense to the extent required by state law. Such deduction or payment, if any, will be estimated daily, and reconciled and effected or paid, as the case may be, on a monthly basis.

The aggregate of the fees payable to the Manager is not subject to reduction as the value of a Series' net assets increases.

PURCHASE OF FUND SHARES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "How to Buy Fund Shares."

The Distributor. The Distributor serves as the Fund's distributor pursuant to an agreement which is renewable annually. The Distributor also acts as distributor for the other funds in the Family of Premier Funds, for the funds in the Dreyfus Family of Funds and for certain other investment companies.

Using Federal Funds. The Shareholder Services Group, Inc., the Fund's transfer and dividend disbursing agent (the "Transfer Agent"), or the Fund may attempt to notify the investor upon receipt of checks drawn on banks that are not members of the Federal Reserve System as to the possible delay in conversion into Federal Funds and may attempt to arrange for a better means of transmitting the money. If the investor is a customer of a securities dealer ("Selected Dealer") and his order to purchase Fund shares is paid for other than in Federal Funds, the Selected Dealer, acting on behalf of its customer, will complete the conversion into, or itself advance, Federal Funds generally on the business day following receipt of the customer order. The order is effective only when so converted and received by the Transfer Agent. An order for the purchase of Fund shares placed by an investor with sufficient Federal Funds or a cash balance in his brokerage account with a Selected Dealer will become effective on the day that the order, including Federal Funds, is received by the Transfer Agent.

Sales Loads--Class A. The scale of sales loads applies to purchases of Class A shares made by any "purchaser," which term includes an individual and/or spouse purchasing securities for his, her or their own account or for the account of any minor children, or a trustee or other fiduciary purchasing securities for a single trust estate or a single fiduciary account (including a pension, profit-sharing or other employee benefit trust created pursuant to a plan qualified under Section 401 of the Internal Revenue Code of 1986, as amended (the "Code")), although more than one beneficiary is involved; or a group of accounts established by or on behalf of the employees of an employer or affiliated employers pursuant to an employee benefit plan or other program (including accounts established pursuant to Sections 403(b), 408(k), and 457 of the Code); or an organized group which has been in existence for more than six months,

provided that it is not organized for the purpose of buying redeemable securities of a registered investment company and provided that the purchases are made through a central administration or a single dealer, or by other means which result in economy of sales effort or expense.

TeleTransfer Privilege. TeleTransfer purchase orders may be made between the hours of 8:00 a.m. and 4:00 p.m., New York time, on any business day that the Transfer Agent and the New York Stock Exchange are open. Such purchases will be credited to the shareholder's Fund account on the next bank business day. To qualify to use the TeleTransfer Privilege, the initial payment for purchase of Fund shares must be drawn on, and redemption proceeds paid to, the same bank and account as are designated on the Account Application or Optional Services Form on file. If the proceeds of a particular redemption are to be wired to an account at any other bank, the request must be in writing and signature-guaranteed. See "Redemption of Fund Shares--TeleTransfer Privilege."

Offering Price. Based upon the California Series' net asset value at the close of business on December 31, 1993, the maximum offering price of the Series' shares would have been as follows:

Class A shares:

NET ASSET VALUE per share	\$12.75
Sales load for individual sales of shares aggregating less than \$50,000 - 4.5 percent of offering price (approximately 4.7 percent of net asset value per share).60
Offering price to public.	\$13.35

Class B shares:

NET ASSET VALUE, redemption price and offering price to public*	\$12.76
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*Class B shares are subject to a contingent deferred sales charge on certain redemptions. See "How to Redeem Fund Shares" in the Fund's Prospectus.

Reopening an Account. An investor may reopen an account with a minimum investment of \$100 without filing a new Account Application during the calendar year the account is closed or during the following calendar year, provided the information on the old Account Application is still applicable.

DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Distribution Plan and Shareholder Services Plan."

The Class A and Class B shares are subject to a Shareholder Services Plan and the Class B shares only are subject to a Distribution Plan.

Distribution Plan. Rule 12b-1 (the "Rule") adopted by the Securities and Exchange Commission under the Act provides, among other things, that an investment company may bear expenses of distributing its shares only pursuant to a plan adopted in accordance with the Rule. The Fund's Board of Trustees has adopted such a plan (the "Distribution Plan") with respect to Class B shares of each Series, pursuant to which the Fund pays the Distributor for advertising, marketing and distributing Class B shares. Under the Distribution Plan, the Distributor may make payments to certain Selected Dealers, financial institutions and other financial industry professionals (collectively, "Service Agents") in respect of these services. The Fund's Board of Trustees believes that there is a reasonable likelihood that the Distribution Plan will benefit the Fund and holders of each Series' Class B shares. In some states, certain financial institutions effecting transactions in Fund shares may be required to register as dealers pursuant to state law.

A quarterly report of the amounts expended under the Distribution Plan, and the purposes for which such expenditures were incurred, must be made to the Trustees for their review. In addition, the Distribution Plan provides that it may not be amended to increase materially the costs which holders of Class B shares may bear for distribution pursuant to the

Distribution Plan without the approval of the holders of Class B shares and that other material amendments of the Distribution Plan must be approved by the Board of Trustees, and by the Trustees who are not "interested persons" (as defined in the Act) of the Fund or the Manager and have no direct or indirect financial interest in the operation of the Distribution Plan or in any agreements entered into in connection with the Distribution Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Distribution Plan is subject to annual approval by such vote of the Trustees cast in person at a meeting called for the purpose of voting on the Distribution Plan. The Distribution Plan was approved by the Fund's Board of Trustees, including a majority of the Trustees who are not "interested persons," at a meeting held on January 26, 1994. The Distribution Plan is terminable, as to each Series, at any time by vote of a majority of the Trustees who are not "interested persons" and have no direct or indirect financial interest in the operation of the Distribution Plan or in any agreements entered into in connection with the Distribution Plan, or by vote of the holders of a majority of such Series' Class B shares. For the period from August 19, 1993 (commencement of California Series' operations) through December 31, 1993, \$1,663 was charged to the Fund, with respect to Class B, under the Distribution Plan.

Shareholder Services Plan. The Fund has adopted a Shareholder Services Plan, pursuant to which the Fund pays the Distributor for the provision of certain services to the holders of Class A and Class B shares.

A quarterly report of the amounts expended under the Shareholder Services Plan, and the purposes for which such expenditures were incurred, must be made to the Trustees for their review. In addition, the Shareholder Services Plan provides that it may not be amended without approval of the Board of Trustees, and by the Trustees who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Shareholder Services Plan is subject to annual approval by such vote of the Trustees cast in person at a meeting called for the purpose of voting on the Shareholder Services Plan. The Shareholder Services Plan was so approved on January 26, 1994. As to each Series, the Shareholder Services Plan is terminable at any time by vote of a majority of the Trustees who are not "interested persons" and who have no direct or indirect financial interest in the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan.

For the period from August 19, 1993 (commencement of California Series' operations) through December 31, 1993, no payment was made by the Fund under the Shareholder Services Plan pursuant to undertakings in effect.

REDEMPTION OF FUND SHARES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "How to Redeem Fund Shares."

Check Redemption Privilege - Class A Shares. An investor may indicate on the Account Application or by later written request that the Fund provide Redemption Checks ("Checks") drawn on the Fund's account. Checks will be sent only to the registered owner(s) of the account and only to the address of record. The Account Application or later written request must be manually signed by the registered owner(s). Checks may be made payable to the order of any person in an amount of \$500 or more. When a check is presented to the Transfer Agent for payment, the Transfer Agent, as the investor's agent, will cause the Fund to redeem a sufficient number of full and fractional Class A shares in the investor's account to cover the amount of the Check. Dividends are earned until the Check clears. After clearance, a copy of the Check will be returned to the investor. Investors generally will be subject to the same rules and regulations that apply to checking accounts, although election of this Privilege creates only a shareholder-transfer agent relationship with the Transfer Agent.

If the amount of the Check is greater than the value of the shares in an investor's account, the Check will be returned marked insufficient funds. Checks should not be used to close an account.

TeleTransfer Privilege. Investors should be aware that if they have selected the TeleTransfer Privilege, any request for a TeleTransfer

transaction will be effected through the Automated Clearing House ("ACH") system unless more prompt transmittal specifically is requested. Redemption proceeds will be on deposit in the investor's account at an ACH member bank ordinarily two business days after receipt of the redemption request. See "Purchase of Fund Shares--TeleTransfer Privilege."

Share Certificates; Signatures. Any certificates representing Fund shares to be redeemed must be submitted with the redemption request. Written redemption requests must be signed by each shareholder, including each owner of a joint account, and each signature must be guaranteed. Signatures on endorsed certificates submitted for redemption also must be guaranteed. The Transfer Agent has adopted standards and procedures pursuant to which signature-guarantees in proper form generally will be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program, the Securities Transfer Agents Medallion Program ("STAMP") and the Stock Exchanges Medallion Program. Guarantees must be signed by an authorized signatory of the guarantor and "Signature-Guaranteed" must appear with the signature. The Transfer Agent may request additional documentation from corporations, executors, administrators, trustees or guardians and may accept other suitable verification arrangements from foreign investors, such as consular verification.

Redemption Commitment. The Fund has committed itself to pay in cash all redemption requests by any shareholder of record of a Series, limited in amount during any 90-day period to the lesser of \$250,000 or 1% of the value of such Series' net assets at the beginning of such period. Such commitment is irrevocable without the prior approval of the Securities and Exchange Commission. In the case of requests for redemption in excess of such amount, the Board of Trustees reserves the right to make payments in whole or in part in securities or other assets in case of an emergency or any time a cash distribution would impair the liquidity of the Series to the detriment of the existing shareholders. In such event, the securities would be valued in the same manner as the Series' portfolio is valued. If the recipient sold such securities, brokerage charges would be incurred.

Suspension of Redemptions. The right of redemption may be suspended or the date of payment postponed (a) during any period when the New York Stock Exchange is closed (other than customary weekend and holiday closings), (b) when trading in the markets the Fund ordinarily utilizes is restricted, or when an emergency exists as determined by the Securities and Exchange Commission so that disposal of the Fund's investments or determination of its net asset value is not reasonably practicable, or (c) for such other periods as the Securities and Exchange Commission by order may permit to protect the Fund's shareholders.

SHAREHOLDER SERVICES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Shareholder Services."

Exchange Privilege. Class A and Class B shares of the Fund may be exchanged for shares of the respective Class of certain other funds advised or administered by the Manager. Shares of the same Class of such funds purchased by exchange will be purchased on the basis of relative net asset value per share as follows:

- A. Class A shares of funds purchased without a sales load may be exchanged for Class A shares of other funds sold with a sales load, and the applicable sales load will be deducted.
- B. Class A shares of funds purchased with or without a sales load may be exchanged without a sales load for Class A shares of other funds sold without a sales load.
- C. Class A shares of funds purchased with a sales load, Class A shares of funds acquired by a previous exchange from Class A shares purchased with a sales load, and additional Class A shares acquired through reinvestment of dividends or distributions of any such funds (collectively referred to herein as "Purchased Shares") may be exchanged for Class A shares of other funds sold with a sales load (referred to herein as "Offered Shares"), provided that, if the sales load applicable to the Offered Shares exceeds the maximum sales load that could have been imposed in connection with the Purchased Shares (at the time the Purchased Shares were acquired), without giving

effect to any reduced loads, the difference will be deducted.

- D. Class B shares of any fund may be exchanged for Class B shares of other funds without a sales load. Class B shares of any fund exchanged for Class B shares of another fund will be subject to the higher applicable contingent deferred sales charge ("CDSC") of the two funds and, for purposes of calculating CDSC rates and conversion periods, will be deemed to have been held since the date the Class B shares being exchanged were initially purchased.

To accomplish an exchange under item C above, an investor's Service Agent must notify the Transfer Agent of the investor's prior ownership of such Class A shares and the investor's account number.

To use this Privilege, the investor's Service Agent acting on the investor's behalf must give exchange instructions to the Transfer Agent in writing, by wire or by telephone. Telephone exchanges may be made only if the appropriate "YES" box has been checked on the Account Application or a separate signed Optional Services Form is on file with the Transfer Agent. By using this Privilege, the investor authorizes the Transfer Agent to act on telephonic, telegraphic or written exchange instructions from any person representing himself or herself to be the investor, or a representative of the investor's Service Agent, and reasonably believed by the Transfer Agent to be genuine. Telephone exchanges may be subject to limitations as to the amount involved or the number of telephone exchanges permitted. Shares issued in certificate form are not eligible for telephone exchange.

To establish a Personal Retirement Plan by exchange, shares of the fund being exchanged must have a value of at least the minimum initial investment being required for the shares of the same class of the fund into which the exchange is being made. For Dreyfus-sponsored Keogh Plans, IRAs and Simplified Employee Pension Funds ("SEP-IRAs") with only one participant, the minimum initial investment is \$750. To exchange shares held in Corporate Plans, 403(b)(7) Plans and SEP-IRAs with more than one participant, the minimum initial investment is \$100 if the plan has at least \$2,500 invested among shares of the same class of the funds in the Dreyfus Family of Funds. To exchange shares held in Personal Retirement Plans, the shares exchanged must have a current value of at least \$100.

Auto-Exchange Privilege. The Auto-Exchange Privilege permits an investor to purchase, in exchange for Class A or Class B shares of a Series, shares of the same Class of one of the other Series or another fund in the Premier Family of Funds or the Dreyfus Family of Funds. This Privilege is available only for existing accounts. Shares will be exchanged on the basis of relative net asset value as described above under "Exchange Privilege." Enrollment in or modification or cancellation of this Privilege is effective three business days following notification by the investor. An investor will be notified if his account falls below the amount designated to be exchanged under this Privilege. In this case, an investor's account will fall to zero unless additional investments are made in excess of the designated amount prior to the next Auto-Exchange transaction. Shares held under IRA and other retirement plans are eligible for this Privilege. Exchanges of IRA shares may be made between IRA accounts and from regular accounts to IRA accounts, but not from IRA accounts to regular accounts. With respect to all other retirement accounts, exchanges may be made only among those accounts.

The Exchange Privilege and Auto-Exchange Privilege are available to shareholders resident in any state in which shares of the fund being acquired may legally be sold. Shares may be exchanged only between accounts having identical names and other identifying designations.

Optional Services Forms and prospectuses of the other funds may be obtained from the Distributor, 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144. The Fund reserves the right to reject any exchange request in whole or in part. The Exchange Privilege or Auto-Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

Automatic Withdrawal Plan. The Automatic Withdrawal Plan permits an investor with a \$5,000 minimum account to request withdrawal of a specified dollar amount (minimum of \$50) on either a monthly or quarterly basis. Withdrawal payments are the proceeds from sales of Fund shares, not the yield on the shares. If withdrawal payments exceed reinvested dividends and distributions, the investor's shares will be reduced and eventually may be depleted. An Automatic Withdrawal Plan may be established by completing the appropriate application available from the Distributor. There is a service charge of \$.50 for each withdrawal check.

Automatic Withdrawal may be terminated at any time by the investor, the Fund or the Transfer Agent. Shares for which certificates have been issued may not be redeemed through the Automatic Withdrawal Plan. Class B shares withdrawn pursuant to the Automatic Withdrawal Plan will be subject to any applicable CDSC.

Dividend Sweep Privilege. The Dividend Sweep Privilege allows investors to invest on the payment date their dividends or dividends and capital gain distributions, if any, from the Fund in shares of the same Class of another fund in the Premier Family of Funds or the Dreyfus Family of Funds of which the investor is a shareholder. Shares of the same Class of other funds purchased pursuant to this Privilege will be purchased on the basis of relative net asset value per share as follows:

- A. Dividends and distributions paid with respect to Class A shares by a fund may be invested without imposition of a sales load in Class A shares of other funds that are offered without a sales load.
- B. Dividends and distributions paid with respect to Class A shares by a fund which does not charge a sales load may be invested in Class A shares of other funds sold with a sales load, and the applicable sales load will be deducted.
- C. Dividends and distributions paid with respect to Class A shares by a fund which charges a sales load may be invested in Class A shares of other funds sold with a sales load (referred to herein as "Offered Shares"), provided that, if the sales load applicable to the Offered Shares exceeds the maximum sales load charged by the fund from which dividends or distributions are being swept, without giving effect to any reduced loads, the difference will be deducted.
- D. Dividends and distributions paid with respect to Class B shares by a fund may be invested without imposition of any applicable CDSC in Class B shares of other funds and the Class B shares of such other funds will be subject on redemption to any applicable CDSC.

DETERMINATION OF NET ASSET VALUE

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "How to Buy Fund Shares."

Valuation of Portfolio Securities. Each Series' investments are valued each business day by an independent pricing service (the "Service") approved by the Board of Trustees. When, in the judgment of the Service, quoted bid prices for investments are readily available and are representative of the bid side of the market, these investments are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of municipal bonds of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. The Service may employ electronic data processing techniques and/or a matrix system to determine valuations. The Service's procedures are reviewed by the Fund's officers under the general supervision of the Board of Trustees. Expenses and fees, including the management fee (reduced by the expense limitation, if any) and fees pursuant to the Shareholder Services Plan, with respect to the Class A and Class B shares, and fees pursuant to the Distribution Plan, with respect to the Class B shares only, are accrued daily and are taken into account for the purpose of determining the net asset value of the relevant Class of each Series' shares. Because of the difference in operating expenses incurred by each Class, the per share net asset value of each Class will differ.

Subject to guidelines established by the Fund's Board of Trustees, the Manager intends to retain in the Fund's portfolio Municipal Obligations which are insured under the Mutual Fund Insurance policy and which are in default or in significant risk of default in the payment of principal or interest until the default has been cured or the principal and interest are paid by the issuer or the insurer. In establishing fair value for these securities the Board of Trustees will give recognition to the value of the insurance feature as well as the market value of the securities. Absent any unusual or unforeseen circumstances, the Manager

will recommend valuing these securities at the same price as similar securities of a minimum investment grade (i.e., rated Baa by Moody's or BBB by S&P or Fitch).

New York Stock Exchange Closings. The holidays (as observed) on which the New York Stock Exchange is closed currently are: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

DIVIDENDS, DISTRIBUTIONS AND TAXES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Dividends, Distributions and Taxes."

It is expected that each Series will qualify as a "regulated investment company" under the Code, so long as such qualification is in the best interests of its shareholders. As a regulated investment company, a Series will pay no Federal income tax on net investment income and net realized capital gains to the extent that such income and gains are distributed to shareholders in accordance with applicable provisions of the Code. To qualify as a regulated investment company, a Series must pay out to its shareholders at least 90% of its net income (consisting of net investment income from tax exempt obligations and taxable obligations, if any, and net short-term capital gains), must derive less than 30% of its annual gross income from gain on the sale of securities held for less than three months, and must meet certain asset diversification and other requirements. Accordingly, a Series may be restricted in the selling of securities held for less than three months, and in the utilization of certain of the investment techniques described in the Prospectus under "Description of the Fund--Investment Techniques." The Code, however, allows a Series to net certain offsetting positions making it easier for a Series to satisfy the 30% test. The term "regulated investment company" does not imply the supervision of management or investment practices or policies by any government agency.

Any dividend or distribution paid shortly after an investor's purchase may have the effect of reducing the net asset value of his shares below the cost of his investment. Such a distribution would be a return on the investment in an economic sense although taxable as stated in "Dividends, Distributions and Taxes" in the Prospectus. In addition, the Code provides that if a shareholder has not held his Fund shares for more than six months (or such shorter period as the Internal Revenue Service may prescribe by regulation) and has received an exempt-interest dividend with respect to such shares, any loss incurred on the sale of such shares will be disallowed to the extent of the exempt-interest dividend received.

Ordinarily, gains and losses realized from portfolio transactions will be treated as capital gain or loss. However, all or a portion of the gain realized from the disposition of market discount bonds will be treated as ordinary income under Section 1276 of the Code. In addition, all or a portion of the gain realized from engaging in "conversion transactions" may be treated as ordinary income under Section 1258. "Conversion transactions" are defined to include certain forward, futures, option and "straddle" transactions, transactions marketed or sold to produce capital gains, or transactions described in Treasury regulations to be issued in the future.

Under Section 1256 of the Code, gain or loss a Series realizes from certain financial futures and options transactions will be treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss. Gain or loss will arise upon exercise or lapse of such futures and options as well as from closing transactions. In addition, such futures and options remaining unexercised at the end of a Series' taxable year will be treated as sold for their then fair market value, resulting in additional gain or loss to a Series characterized in the manner described above.

Offsetting positions held by a Series involving financial futures and options transactions may be considered, for tax purposes, to constitute "straddles." "Straddles" are defined to include "offsetting positions" in actively traded personal property. The tax treatment of "straddles" is governed by Sections 1092 and 1258 of the Code, which, in certain circumstances, overrides or modifies the provisions of Section 1256. As such, all or a portion of any short or long-term capital gain from certain "straddle" or conversion transactions may be recharacterized to ordinary income.

If a Series were treated as entering into "straddles" by reason of its engaging in certain futures or options transactions, such "straddles"

would be characterized as "mixed straddles" if the futures or options transactions comprising a part of such "straddles" were governed by Section 1256 of the Code. A Series may make one or more elections with respect to "mixed straddles." Depending on which election is made, if any, the results to a Series may differ. If no election is made to the extent the "straddle" and conversion transaction rules apply to positions established by the Fund, losses realized by a Series will be deferred to the extent of unrealized gain in the offsetting position. Moreover, as a result of the "straddle" rules, short-term capital losses on "straddle" positions may be recharacterized as long-term capital losses, and long-term capital gains may be treated as short-term capital gains or ordinary income.

Investment by the Series in securities issued at a discount or providing for deferred interest or for payment of interest in the form of additional obligations could, under special tax rules, affect the amount, timing and character of distributions to shareholders. For example, a Series could be required to take into account annually a portion of the discount (or deemed discount) at which such securities were issued and to distribute such portion in order to maintain its qualification as a regulated investment company. In such case, a Series may have to dispose of securities which it might otherwise have continued to hold in order to generate cash to satisfy these distribution requirements.

PORTFOLIO TRANSACTIONS

Portfolio securities ordinarily are purchased from and sold to parties acting as either principal or agent. Newly-issued securities ordinarily are purchased directly from the issuer or from an underwriter; other purchases and sales usually are placed with those dealers from which it appears that the best price or execution will be obtained. Usually no brokerage commissions, as such, are paid by the Fund for such purchases and sales, although the price paid usually includes an undisclosed compensation to the dealer acting as agent. The prices paid to underwriters of newly-issued securities usually include a concession paid by the issuer to the underwriter, and purchases of after-market securities from dealers ordinarily are executed at a price between the bid and asked price. No brokerage commissions have been paid by the Fund to date.

Transactions are allocated to various dealers by the Fund's Investment Officers in their best judgment. The primary consideration is prompt and effective execution of orders at the most favorable price. Subject to that primary consideration, dealers may be selected for research, statistical or other services to enable the Manager to supplement its own research and analysis with the views and information of other securities firms.

Research services furnished by brokers through which the Fund effects securities transactions may be used by the Manager in advising other funds it advises and, conversely, research services furnished to the Manager by brokers in connection with other funds the Manager advises may be used by the Manager in advising the Fund. Although it is not possible to place a dollar value on these services, it is the opinion of the Manager that the receipt and study of such services should not reduce the overall expenses of its research department.

PERFORMANCE INFORMATION

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Performance Information."

The California Series' current yield for the 30-day period ended December 31, 1993 for Class A was 5.32% and for Class B was 5.02%. The yield for each Class reflects the current absorption of certain Series expenses by the Manager, without which the Series' 30-day yield for the period ended December 31, 1993 would have been 3.89% for Class A and 3.52% for Class B. See "Management of the Fund" in the Prospectus. Current yield is computed pursuant to a formula which operates as follows: The amount of each Series' expenses accrued for the 30-day period (net of reimbursements) is subtracted from the amount of the dividends and interest earned computed in accordance with regulatory requirements by the Series during the period. That result is then divided by the product of: (a) the average daily number of shares outstanding during the period that were entitled to receive dividends, and (b) the maximum offering price per share in the case of Class A or the net asset value per share in the case

of Class B on the last day of the period less any undistributed earned income per share reasonably expected to be declared as a dividend shortly thereafter. The quotient is then added to 1, and that sum is raised to the 6th power, after which 1 is subtracted. The current yield is then arrived at by multiplying the result by 2.

Based upon a combined 1993 Federal and California income tax rate of 46.24%, the California Series' tax equivalent yield for the 30-day period ended December 31, 1993 for Class A was 9.90% and for Class B was 9.34%. Absent the expense absorption and/or fee waiver then in effect, the 30-day tax equivalent yield for Class A would have been 7.24% and for Class B would have been 6.55%. Tax equivalent yield is computed by dividing that portion of the current yield (calculated as described above) which is tax exempt by 1 minus a stated tax rate and adding the quotient to that portion, if any, of the yield of the Series that is not tax exempt.

The tax equivalent yield quoted above represents the application of the highest Federal and State of California marginal personal income tax rates presently in effect. For Federal personal income tax purposes, a 39.6% tax rate has been used. For California personal income tax purposes, an 11% tax rate has been used. The tax equivalent figure, however, does not include the potential effect of any local (including, but not limited to, county, district or city) taxes, including applicable surcharges. In addition, there may be pending legislation which could affect such stated tax rates or yield. Each investor should consult its tax adviser, and consider its own factual circumstances and applicable tax laws, in order to ascertain the relevant tax equivalent yield.

The California Series' average annual total return for the .370 year period ended December 31, 1993 for Class A was -1.85%. The average annual total return for the .370 year period ended December 31, 1993 for Class B was 2.37%. Average annual total return is calculated by determining the ending redeemable value of an investment purchased with a hypothetical \$1,000 payment made at the beginning of the period (assuming the reinvestment of dividends and distributions), dividing by the amount of the initial investment, taking the "n"th root of the quotient (where "n" is the number of years in the period) and subtracting 1 from the result. A Class's average annual total return figures calculated in accordance with such formula assume that in the case of Class A the maximum sales load had been deducted from the hypothetical initial investment at the time of purchase or in the case of Class B the maximum applicable CDSC has been paid upon redemption at the end of the period.

The California Series' total return for the period August 19, 1993 (commencement of operations), 1993 through December 31, 1993 for Class A was -.69%. Based on net asset value per share, the total return for Class A of the Series was 3.99% for this period. The total return for the period August 19, 1993 (commencement of operations) through December 31, 1993 for Class B was .87%. Without giving effect to the applicable CDSC, the total return for Class B of the Series was 3.87% for this period. Total return is calculated by subtracting the amount of the Series' maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B at the beginning of a stated period from the net asset value per share at the end of the period (after giving effect to the reinvestment of dividends and distributions during the period and, in the case of Class B, any applicable contingent deferred sales charge), and dividing the result by the maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B at the beginning of the period. Total return also may be calculated based on net asset value per share at the beginning of the period instead of the maximum offering price per share at the beginning of the period for Class A shares or without giving effect to any applicable CDSC at the end of the period for Class B shares. In such cases, the calculation would not reflect the deduction of the sales load with respect to Class A shares or any applicable CDSC with respect to Class B shares, which, if reflected, would reduce the performance quoted.

From time to time, the Fund may use hypothetical tax equivalent yields or charts in its advertising. These hypothetical yields or charts will be used for illustrative purposes only and are not indicative of the Fund's past or future performance. From time to time, advertising materials for the Fund also may refer to Morningstar ratings and related analysis supporting such ratings.

From time to time, advertising materials for the Fund may refer to or

discuss then-current or past economic conditions, developments and/or events, including those relating to or arising from actual or proposed tax legislation, and statistical or other information concerning trends relating to investment companies, as compiled by industry associations such as the Investment Company Institute.

INFORMATION ABOUT THE FUND

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "General Information."

Each Series share has one vote and, when issued and paid for in accordance with the terms of the offering, is fully paid and non-assessable. Series' shares have no preemptive or subscription rights and are freely transferable.

The Fund sends annual and semi-annual financial statements to all its shareholders.

The Manager's legislative efforts led to the 1976 Congressional amendment to the Code permitting an incorporated mutual fund to pass through tax exempt income to its shareholders. The Manager offered to the public the first incorporated tax exempt fund and currently manages or administers over \$28 billion in tax exempt assets.

CUSTODIAN, TRANSFER AND DIVIDEND DISBURSING AGENT, COUNSEL AND INDEPENDENT AUDITORS

The Bank of New York, 110 Washington Street, New York, New York 10286, is the Fund's custodian. The Shareholder Services Group, Inc., a subsidiary of First Data Corporation, P.O. Box 9671, Providence, Rhode Island 02940-9671, is the Fund's transfer and dividend disbursing agent. Neither The Bank of New York nor The Shareholder Services Group, Inc. has any part in determining the investment policies of the Fund or which securities are to be purchased or sold by the Fund.

Stroock & Stroock & Lavan, 7 Hanover Square, New York, New York 10004-2696, as counsel for the Fund, has rendered its opinion as to certain legal matters regarding the due authorization and valid issuance of the shares of beneficial interest being sold pursuant to the Fund's Prospectus.

Ernst & Young, 787 Seventh Avenue, New York, New York 10019, independent auditors, have been selected as auditors of the Fund.

APPENDIX A

RISK FACTORS - INVESTING IN STATE MUNICIPAL OBLIGATIONS

The following information constitutes only a brief summary, does not purport to be a complete description, and is based on information drawn from official statements relating to securities offerings of the relevant State and various local agencies, available as of the date of this Statement of Additional Information. While the Fund has not independently verified such information, it has no reason to believe that such information is not correct in all material respects.

California Series	B-29
Connecticut Series.	B-42
Florida Series.	B-45
New Jersey Series	B-49
New York Series	B-50

California Series

Recent Developments. Since the start of California's 1990-91 fiscal year, the State has faced the worst economic, fiscal and budget conditions since the 1930s. Construction, manufacturing (especially aerospace), exports and financial services, among others, have all been severely affected. Job losses have been the worst of any post-war recession. Unemployment reached 10% in November 1992 and is expected to remain above 9% through 1993 and 1994. According to the State's Department of Finance, recovery from the recession in California is not expected in meaningful terms until late 1993 or 1994, notwithstanding signs of recovery elsewhere in the nation.

The recession has seriously affected State tax revenues, which basically mirror economic conditions. It has also caused increased expenditures for health and welfare programs. The State has also been facing a structural imbalance in its budget with the largest programs supported by the General Fund--K-12 schools and community colleges, health and welfare, and corrections--growing at rates higher than the growth rates for the principal revenue sources of the General Fund. As a result, the State has experienced recurring budget deficits. The Controller reports that expenditures exceeded revenues for four of the five fiscal years ending with 1991-92. Revenues and expenditures were essentially equal in 1992-93, but the original budget for that year projected revenues exceeding expenditures by \$2.6 billion. By June 30, 1993, according to the Department of Finance, the State's Reserve for Economic Uncertainties had a deficit, on a budget basis, of approximately \$2.8 billion.

A further consequence of the large budget imbalances over the last three fiscal years has been that the State depleted its available cash resources and has had to use a series of external borrowings to meet its cash needs.

The 1993-94 Budget Act is projected to have \$40.6 billion of General Fund revenues and transfers and \$38.5 billion of budgeted expenditures.

As a result of the deterioration in the State's budget and cash situation in fiscal years 1991-92 and 1992-93, the rating agencies reduced the State's credit ratings. Between October 1991 and October 1992 the rating on the State's general obligation bonds was reduced by S&P from "AAA" to "A+" and by Moody's from "Aaa" to "Aa."

State Finances. State moneys are segregated into the General Fund and approximately 400 Special Funds. The General Fund consists of the revenues received into the State Treasury and earnings from State investments, which are not required by law to be credited to any other fund. The General Fund is the principal operating fund for the majority of governmental activities and is the depository of most major State revenue sources.

The Special Fund for Economic Uncertainties is funded with General Fund revenues and was established to protect the State from unforeseen reduced levels of revenues and/or unanticipated expenditure increases. Amounts in the Special Fund for Economic Uncertainties may be transferred by the Controller as necessary to meet cash needs of the General Fund. The Controller is required to return moneys so transferred without payment of interest as soon as there are sufficient moneys in the General Fund. For budgeting and accounting purposes, any appropriation made from the Special Fund for Economic Uncertainties is deemed an appropriation from the General Fund. For year-end reporting purposes, the Controller is required to add the balance in the Special Fund for Economic Uncertainties to the balance in the General Fund so as to show the total monies then available for General Fund purposes.

Inter-fund borrowing has been used for many years to meet temporary imbalances of receipts and disbursements in the General Fund. As of June 30, 1993, there were outstanding loans in the aggregate principal amount of \$43 million to the General Fund from the Special Fund for Economic Uncertainties and outstanding loans in the aggregate principal amount of \$3.016 billion to the General Fund from the Special Funds. On June 30, 1993, the General Fund also had been supplemented with the proceeds of the sale of \$2.0 billion of revenue anticipation warrants on June 23, 1993.

Articles XIII A and XIII B to the State Constitution and Other Revenue Law Changes. Prior to 1977, revenues of the State government experienced significant growth primarily as a result of inflation and continuous expansion of the tax base of the State. In 1978, State voters approved an amendment to the State Constitution known as Proposition 13, which added Article XIII A to the State Constitution, reducing ad valorem local property taxes by more than 50%. In addition, Article XIII A provides that additional taxes may be levied by cities, counties and special districts only upon approval of not less than a two-thirds vote of the "qualified electors" of such district, and requires not less than a two-thirds vote of each of the two houses of the State Legislature to enact any changes in State taxes for the purpose of increasing revenues, whether by increased rate or changes in methods of computation.

Primarily as a result of the reductions in local property tax revenues received by local governments following the passage of Proposition 13, the Legislature undertook to provide assistance to such

governments by substantially increasing expenditures from the General Fund for that purpose beginning in the 1978-79 fiscal year. In recent years, in addition to such increased expenditures, the indexing of personal income tax rates (to adjust such rates for the effects of inflation), the elimination of certain inheritance and gift taxes and the increase of exemption levels for certain other such taxes had a moderating impact on the growth in State revenues. In addition, the State has increased expenditures by providing a variety of tax credits, including renters' and senior citizens' credits and energy credits.

The State is subject to an annual "appropriations limit" imposed by Article XIII B of the State Constitution adopted in 1979. Article XIII B prohibits the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitations" are authorizations to spend "proceeds of taxes," which consist of tax revenues, and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." One of the exclusions from these limitations is "debt service" (defined as "appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved" by the voters). In addition, appropriations required to comply with mandates of courts or the Federal government and, pursuant to Proposition 111 enacted in June 1990, appropriations for qualified capital outlay projects and appropriations of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels are not included as appropriations subject to limitation. In addition, a number of recent initiatives were structured or proposed to create new tax revenues dedicated to certain specific uses, with such new taxes expressly exempted from the Article XIII B limits (e.g., increased cigarette and tobacco taxes enacted by Proposition 99 in 1988). The appropriations limit also may be exceeded in cases of emergency. However, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the appropriations are approved by two-thirds of the Legislature, the appropriations limit for the next three years must be reduced by the amount of the excess.

The State's appropriations limit in each year is based on the limit for the prior year, adjusted annually for changes in California per capita personal income and changes in population, and adjusted, when applicable, for any transfer of financial responsibility of providing services to or from another unit of government. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received over such two-year periods above the combined appropriations limits for those two years is divided equally between transfers to K-14 districts and refunds to taxpayers.

As originally enacted in 1979, the State's appropriations limit was based on its 1978-79 fiscal year authorizations to expend proceeds of taxes and was adjusted annually to reflect changes in cost of living and population (using different definitions, which were modified by Proposition 111). Commencing with the 1991-92 fiscal year, the State's appropriations limit is adjusted annually based on the actual 1986-87 limit, and as if Proposition 111 had been in effect. The State Legislature has enacted legislation to implement Article XIII B which defines certain terms used in Article XIII B and sets forth the methods for determining the State's appropriations limit. Government Code Section 7912 requires an estimate of the State's appropriations limit to be included in the Governor's Budget, and thereafter to be subject to the budget process and established in the Budget Act.

For the 1990-91 fiscal year, the State appropriations limit was \$32.7 billion, and appropriations subject to limitation were \$7.51 billion under the limit. The limit for the 1991-92 fiscal year was \$34.2 billion, and appropriations subject to limitations were \$3.8 billion under the limit. The limit for the 1992-93 fiscal year was \$35.01 billion, and the appropriations subject to limitation were \$4.27 billion under the limit. The estimated limit for the 1993-94 fiscal year is \$36.6 billion, and the estimated appropriations subject to limitation are \$3.44 billion under the limit.

In November 1988, State voters approved Proposition 98, which changed State funding of public education below the university level and the operation of the State's appropriations limit, primarily by

guaranteeing K-14 schools a minimum share of General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted in June 1990), K-14 schools are guaranteed the greater of (a) 40.3% of General Fund revenues ("Test 1"), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost of living (measured as in Article XIIIIB by reference to California per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace the second test in any year when the percentage growth in per capita General Fund revenues from the prior year plus .5% is less than the percentage growth in California per capita personal income ("Test 3"). Under "Test 3," schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita General Fund revenues, plus an additional small adjustment factor. If "Test 3" is used in any year, the difference between "Test 3" and "Test 2" would become a "credit" to schools which would be the basis of payments in future years when per capita General Fund revenue growth exceeds per capita personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 schools. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIIB limit to K-14 schools.

The 1991-92 Budget Act, applying "Test 2" of Proposition 98, appropriated approximately \$18.5 billion for K-14 schools pursuant to Proposition 98. During the course of the fiscal year, revenues proved to be substantially below expectations. By the time the Governor's Budget was introduced in January 1992, it became clear that per capita growth in General Fund revenues for 1991-92 would be smaller than the growth in California per capita personal income and the Governor's Budget therefore reflected a reduction in Proposition 98 funding in 1991-92 by applying "Test 3" rather than "Test 2."

In response to the changing revenue situation and to fully fund the Proposition 98 guarantee in both the 1991-92 and 1992-93 fiscal years without exceeding it, the Legislature enacted several bills as part of the 1992-93 budget package which responded to the fiscal crisis in education funding. Fiscal year 1991-92 Proposition 98 appropriations for K-14 schools were reduced by \$1.083 billion. In order to not adversely impact cash received by school districts, however, a short-term loan was appropriated from the non-Proposition 98 State General Fund. The Legislature then appropriated \$16.6 billion to K-14 schools for 1992-93 (the minimum guaranteed by Proposition 98), but designated \$1.083 billion of this amount to "repay" the prior year loan, thereby reducing cash outlays in 1992-93 by that amount. In addition to reducing the 1991-92 fiscal year appropriations for K-14 schools by \$1.083 billion and converting that amount to a loan (the "inter-year adjustment"), Chapter 703, Statutes of 1992 also made an adjustment to "Test 1," based on the additional \$1.2 billion of local property taxes that were shifted to schools and community colleges. The "Test 1" percentage changed from 40% to 37%. Additionally, Chapter 703 contained a provision that if an appellate court should determine that the "Test 1" recalculation or the inter-year adjustment is unconstitutional, unenforceable or invalid, Proposition 98 would be suspended for the 1992-93 fiscal year, with the result that K-14 schools would receive the amount intended by the 1992-93 Budget Act compromise.

The State Controller stated in October 1992 that, because of a drafting error in Chapter 703, he could not implement the \$1.083 billion reduction of the 1991-92 school funding appropriation, which was part of the inter-year adjustment. The Legislature ultimately enacted corrective legislation as part of the 1993-94 Budget package to implement the \$1.083 billion inter-year adjustment as originally intended.

On October 29, 1992, because of a special statute of limitations contained in Chapter 703, litigation was commenced concerning that law. The Governor filed a civil action to, in effect, enforce the inter-year adjustment. A second civil action was filed by a teachers' organization, the Superintendent of Public Instruction and others to declare the inter-year adjustment and the provision for conditional suspension of Proposition 98 to be unlawful. A third civil action was filed by business, local government and taxpayer organizations seeking to enforce the budget plan for school financing as originally intended in Chapter 703. The first two actions are set for hearing in September 1993. The effect of the corrective legislation on these actions has not been determined.

In the 1992-93 Budget Act, a new loan of \$732 million was made to K-12 schools in order to maintain per-average daily attendance ("ADA") funding at the same level as 1991-92, at \$4,187. An additional loan of \$241 million was made to community college districts. These loans are to be repaid from future Proposition 98 entitlements. (The teachers' organization lawsuit discussed above also seeks to declare invalid the provision making the \$732 million a loan "repayable" from future years' Proposition 98 funds). Including both State and local funds, and adjusting for the loans and repayments, on a cash basis, total Proposition 98 K-12 funding in 1992-93 increased to \$21.5 billion, 2.4% more than the amount in 1992-93 (\$21.0 billion).

Based on revised State tax revenues and estimated decreased reported pupil enrollment, the 1993-94 Budget Act projects that the 1992-93 Proposition 98 Budget Act appropriations of \$16.6 billion exceed a revised minimum guarantee by \$313 million. As a result, the 1993-94 Budget Act reverts \$25 million in 1992-93 appropriations to the General Fund. Limiting the reversion to this amount ensures that per ADA funding for general purposes will remain at the prior year level. The 1993-94 Budget Act also designates \$98 million in 1992-93 appropriations toward satisfying prior years' guarantee levels, an obligation that resulted primarily from updating State tax revenues for 1991-92, and designates \$190 million as a loan repayable from 1993-94 funding.

The 1993-94 Budget Act projects the Proposition 98 minimum funding level at \$13.5 billion based on the "Test 3" calculation where the guarantee is determined by the change in per capita growth in General Fund revenues, which are projected to decrease on a year-over-year basis. This amount also takes into account increased property taxes transferred to school districts from other local governments.

Legislation accompanying the 1993-94 Budget Act (Chapter 66/93) provides a new loan of \$609 million to K-12 schools in order to maintain per ADA funding at \$4,187 and a loan of \$178 million to community colleges. These loans have been combined with the K-14 1992-93 loans into one loan totalling \$1.760 billion. Repayment of this loan would be from future years' Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools. Chapter 66/93 also reduced the "Test 1" percentage to 33% to reflect the property tax shift among local government agencies.

Sources of Tax Revenue. The California personal income tax, which in 1991-92 contributed about 42% of General Fund revenues, is closely modeled after the Federal income tax law. It is imposed on net taxable income (gross income less exclusions and deductions). The tax is progressive with rates ranging from 1% to 11%. Personal, dependent, and other credits are allowed against the gross tax liability. In addition, taxpayers may be subject to an alternative minimum tax (AMT) which is much like the Federal AMT. This is designed to ensure that excessive use of tax preferences does not reduce taxpayers' liabilities below some minimum level. Legislation enacted in July 1991 added two new marginal tax rates, at 10% and 11%, effective for tax years 1991 through 1995. After 1995, the maximum personal income tax rate is scheduled to return to 9.3%, and the AMT rate is scheduled to drop from 8.5% to 7%.

The personal income tax is adjusted annually by the change in the consumer price index to prevent taxpayers from being pushed into higher tax brackets without a real increase in income.

The sales tax is imposed upon retailers for the privilege of selling tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions have been provided for certain essentials such as food for home consumption, prescription drugs, gas, electricity and water. Sales tax accounted for about 39% of General Fund revenue in 1991-92. Bank and corporation tax revenues comprised about 11% of General Fund revenue in 1991-92. In 1989, Proposition 99 added a 25 cents per pack excise tax on cigarettes, and a new equivalent excise tax on other tobacco products.

General Financial Condition of the State. Revenues in the most recent fiscal years have been unusually difficult to forecast with a high degree of accuracy due in major part to the volatility in the personal income tax. The 1986-87 through 1989-90 fiscal years were affected by both the Federal Tax Reform Act of 1986 and subsequent conforming State legislation. The difficulty with recent forecasts has occurred because taxpayers have changed their behavior as a result of these events. Capital gains are now fully taxed. This revenue component is subject to taxpayer discretion and is very sensitive to change in tax law, market conditions and individual circumstances. Capital gains have always been a

volatile item and since it is contributing a greater percentage of total revenue, it makes these collections subject to greater variance.

Primarily because of changes to the Federal and State tax statutes, revenues for the fiscal year 1987-88 were approximately \$1.1 billion less than originally estimated. This shortfall in revenues was made up through the application of approximately \$900 million from the Special Fund for Economic Uncertainties and a variety of expenditure reduction actions initiated by the Governor. As a result, the Special Fund for Economic Uncertainties was substantially depleted by June 30, 1988.

The State entered the 1988-89 fiscal year with essentially no budget reserve. The 1988-89 Budget Act called for significant spending cuts to balance expected revenues and expenditures and to provide an estimated balance of approximately \$600 million in the Special Fund for Economic Uncertainties at year-end.

Revenues for the 1989-90 fiscal year were approximately \$517.7 million less than presented in the Governor's Budget in January 1990 and \$1.021 billion less than estimated in July 1989, primarily owing to lower than estimated receipts from individual and corporate taxes. The shortfall in revenues was made up through the transfer of moneys from the Special Fund for Economic Uncertainties and a variety of expenditure reduction actions initiated by the Administration. As a result, the Special Fund for Economic Uncertainties was fully depleted by June 30, 1990.

The California State Controller reported that the State's General Fund ended the 1990-91 fiscal year with a negative budgetary basis balance of \$1.316 billion. In order to pay necessary cash expenses through June 1991, including payment of \$4.1 billion of 1990 Revenue Anticipation Notes which were due June 28, 1991, the General Fund borrowed \$1.390 billion from the Special Fund for Economic Uncertainties and \$3.266 billion from other Special Funds as of the end of the fiscal year. Data on General Fund revenues for the 1990-91 fiscal year show that revenues in all major categories (except insurance taxes) were lower than receipts in 1989-90, the first time this has happened on a year-over-year basis since the 1930s.

The Governor's 1991-92 Budget originally projected a \$7 billion gap between revenues and program needs (including restoration of a budget reserve) through June 30, 1992. However, as revenues remained depressed in early 1991, the estimate of the budget gap eventually increased to \$14.3 billion. The legislature passed the 1991-92 Budget Bill on June 22, 1991, but it was not signed by the Governor until July 16, 1991, as the balancing of the budget required enactment of dozens of additional bills to raise revenues and change programs and laws. The 1991-92 Budget Act projected General Fund expenditures of \$43.4 billion and Special Fund expenditures of \$10.6 billion. The Department of Finance estimated that there would be a balance in the Special Fund for Economic Uncertainty on June 30, 1992 of \$1.2 billion.

The \$14.3 billion estimated budget gap between revenues over the two fiscal years 1990-91 and 1991-92 and estimated program needs based on existing laws, including restoration of a prudent reserve for economic uncertainties, were addressed through a combination of temporary and permanent changes in laws and some one-time budget adjustments. The major features of the budget solutions are summarized as follows:

1. Program funding reductions totaling \$5.1 billion.
2. Increased State revenues of \$5.1 billion through increased taxes, conformity with federal tax laws, deferral of certain corporate tax deductions, closing of tax loopholes and acceleration of tax collections.
3. Savings of \$2.1 billion by returning certain health and welfare programs to counties to be funded by increased taxes to be given directly to counties.
4. Additional miscellaneous savings and revenue gains totaling \$1.1 billion.
5. A one-time net increase in resources totaling \$900 million from a change in the accounting treatment for sales taxes and the Medi-Cal program to a full accrual basis.

The 1992-93 Governor's Budget proposed expenditures of \$56.3 billion in the General and Special Funds for the 1992-93 fiscal year, a 1.6% increase over corresponding figures for the 1991-92 fiscal year.

General Fund expenditures were projected at \$43.8 billion, an increase of 0.2% over the 1991-92 Revised Governor's Budget. The Budget estimated \$45.7 billion of revenues and transfers for the General Fund (a 4.7% change over 1991-92) and \$12.4 billion for Special Funds (a 9.6% change over 1991-92). To balance the proposed budget, program reductions totaling \$4.365 billion and revenue and transfer increases of \$872 million were proposed for the 1991-92 and 1992-93 fiscal years. The 1992-93 Governor's Budget eliminated the deficit from 1991-92 and estimated \$105.4 million as a year-end balance in the Special Fund for Economic Uncertainties, representing approximately 0.2% of General Fund expenditures.

In early 1992, the Director of Finance acknowledged that actual economic conditions were worse than the projections in the Governor's Budget. Because the State had accumulated a significant budget deficit over two consecutive years, and the continuing recession depressed revenue estimates for the coming year, the State faced a major challenge to enact a balanced budget. The State also began the 1992-93 fiscal year with essentially no cash reserves. By June 1992, it was estimated that approximately \$7.9 billion of budget actions would be required to end the 1992-93 fiscal year without a budget deficit. The severity of the budget actions needed led to a long delay in adopting the budget.

With the failure to enact a budget by July 1, 1992, the State had no legal authority to pay many of its vendors until the budget was passed. Starting on July 1, 1992, the Controller was required to issue "registered warrants" in lieu of normal warrants backed by cash to pay many State obligations. Available cash was used to pay constitutionally mandated and priority obligations, such as debt service on bonds and revenue anticipation warrants. Between July 1 and September 4, 1992, the Controller issued an aggregate of approximately \$3.8 billion of registered warrants payable from the General Fund, all of which were called for redemption by September 4, 1992 following enactment of the 1992-93 Budget Act and issuance by the State of \$3.3 billion of interim notes.

The Legislature enacted the 1992-93 Budget Bill on August 29, 1992, and it was signed by the Governor on September 2, 1992. The 1992-93 Budget Act provides for expenditures of \$57.4 billion and consists of General Fund expenditures of \$40.8 billion and Special Fund and Bond Fund expenditures of \$16.6 billion. The Department of Finance estimates there will be a balance in the Special Fund for Economic Uncertainties of \$28 million on June 30, 1993.

The \$7.9 billion budget gap was closed through a combination of increased revenues and transfers and expenditure cuts such as:

1. General Fund savings in health and welfare programs totalling \$1.6 billion.
2. General Fund reductions of \$1.9 billion for K-12 schools and community colleges. This was accomplished by requiring schools to repay \$1.1 billion in excess appropriations from 1991-92.
3. Redirecting property taxes from cities (\$200 million) and counties (\$525 million) to schools. These shifts are permanent and will reduce the State General Funds obligation for schools. The State will also redirect property taxes from special districts (\$375 million) and redevelopment agencies (\$200 million) to schools. The shift from redevelopment agencies is a one-time shift.
4. Program cuts for higher education totalling \$415 million (\$246 million for the University of California, \$143 million for California State University, and \$26 million Student Aid Commission). These reductions are partially offset by \$141 million in increased student fees.
5. A total of \$1.6 billion of transfers and accelerated collections of State revenues by conforming State schedules for estimated payments for personal income and bank and corporate taxes with federal schedules (\$105 million), accelerating settlement of outstanding tax disputes (\$300 million), reaching an agreement with the Federal government to repay federal contractors over a ten-year period beginning in 1992-93, rather than making a lump sum payment in 1992-93 (\$580 million), accelerating liquidation of unclaimed properties through the sale of all unclaimed securities received prior to July 1, 1992, rather than maintaining them for three years (\$70 million), transfers

from Special Funds (\$423 million), and other miscellaneous actions (\$122 million).

6. Approximately \$1.0 billion from various additional program reductions.

In May 1993, the Department of Finance projected that the General Fund would end the fiscal year on June 30, 1993 with an accumulated budget deficit of about \$2.8 billion, and a negative fund balance of about \$2.2 billion (the difference being certain reserves for encumbrances and school funding costs). As a result, the State issued \$5 billion of revenue anticipation notes and warrants.

The Governor's 1993-94 Budget, introduced on January 8, 1993, proposed General Fund Expenditures of \$37.3 billion, with projected revenues of \$39.9 billion. It also proposed Special Fund expenditures of \$12.4 billion and Special Fund revenues of \$12.1 billion. The 1993-94 fiscal year represents the third consecutive year the Governor and the Legislature were faced with a very difficult budget environment, requiring revenue cuts and expenditure cuts totalling multiple billions of dollars to produce a balanced budget. To balance the budget in the face of declining revenues, the Governor proposed a series of revenue shifts from local government, reliance on increased Federal aid and reductions in state spending.

The "May Revision" of the Governor's Budget, released on May 20, 1993, indicated that the revenue projections of the January Budget Proposal were tracking well, with the full year 1992-93 about \$80 million higher than the January projection. Personal income tax revenue was higher than projected, sales tax was close to target, and bank and corporation taxes were lagging behind projections. The May Revision projected the State would have an accumulated deficit of about \$2.75 billion by June 30, 1993. The Governor proposed to eliminate this deficit over an 18-month period. He also agreed to retain the 0.5% sales tax scheduled to expire June 30 for a six-month period, dedicated to local public safety purposes, with a November election to determine a permanent extension. Unlike previous years, the Governor's Budget and May Revision did not calculate a "gap" to be closed, but rather set forth revenue and expenditure forecasts and proposals designed to produce a balance budget.

The 1993-94 Budget Act was signed by the Governor on June 30, 1993, along with implementing legislation. The Governor vetoed about \$71 million in spending. With enactment of the Budget Act, the State is proceeding with its regular cash flow borrowing program for the fiscal year, which includes the issuance of approximately \$2 billion of revenue anticipation notes.

The 1993-94 Budget Act is predicated on General Fund revenues and transfers estimated at \$40.6 billion, about \$700 million higher than the January Governor's Budget, but still about \$400 million below 1992-93 (and the second consecutive year of actual decline). The principal reasons for declining revenues are the continued weak economy and the expiration (or repeal) of three fiscal steps taken in 1991 -- a half cent temporary sales tax, a deferral of operating loss carryforwards, and repeal by initiative of a sales tax on candy and snack foods.

The 1993-94 Budget Act also assumes Special Fund revenues of \$11.9 billion, an increase of 2.9% over 1992-1993.

The 1993-94 Budget Act includes General Fund expenditures of \$38.5 billion (a 6.3% reduction from projected 1992-93 expenditures of \$41.1 billion), in order to keep a balanced budget within the available revenues. The Budget also includes Special Fund expenditures of \$12.1 billion, a 4.2% increase.

The 1993-94 Budget Act contains no General Fund tax/revenue increases other than a two year suspension of the renters' tax credit. The Administration continues to predict that population growth in the 1990s will keep upward pressure on major State programs, such as K-14 education, health and welfare and corrections, outstripping projected revenue growth in an economy only very slowly emerging from a deep recession.

The September 1993 Bulletin of the Department of Finance reports that General Fund revenues in August, 1993 were \$79 million, or about 2.6%, above updated May Revision estimates, but about \$65 million of this was apparently due to an administrative problem in refunds which will appear next month. July and August 1993 combined revenues were \$86 million or 1.7% above projections, with all three major tax sources tracking projections well. August, 1993 sales tax receipts were 10.5%

above projections, offsetting weak results in June and July. The Department of Finance continues to report, however, that economic activity in the State remains sluggish. The Department of Finance also reports that the State will only receive approximately \$450 million in aid from the Federal Government to offset the health and welfare costs associated with foreign immigrants living in the State, substantially less than the \$692 million contemplated by the 1993-94 Budget Act.

A key feature of the 1993-94 Budget Act is a plan to retire the accumulated \$2.8 billion prior year budget deficit by December 31, 1994. The 18 month plan contemplates the use of existing statutory authority to borrow up to \$2.8 billion externally. The 1993-94 Budget Act estimates that about \$1.6 billion of the deficit elimination loan would be repaid by December 23, 1993 from a portion of the proceeds of the \$2 billion Revenue Anticipation Warrants issued on June 23, 1993. Legislation enacted with the 1993-94 Budget Act (Chapter 63/93) directs the Controller to issue \$1.2 billion of registered reimbursement warrants in the 1993-94 fiscal year, to mature in December 1994, to fund the balance of the accumulated deficit. The law also creates in the State Treasury a Deficit Retirement Fund. The Controller is directed to transfer from the General Fund to the Deficit Retirement Fund the sum of \$1.2 billion in two equal installments on September 15, 1994 and December 15, 1994, which moneys will be used to retire the warrants.

Recent Economic Trends. California is experiencing its deepest recession since the 1930s. The State's tax revenue experience clearly reflects sharp declines in employment, income and retail sales on a scale not seen in over 50 years. However, economic signals remain mixed, and recovery is still an expectation rather than a reality.

Nonfarm employment in April was essentially unchanged from the December level. The unemployment rate appears to be moving down, although the large April drop, from 9.4% to 8.6%, probably exaggerated the improvement. Personal income growth is improving gradually, from gains of 2% or less in 1991 to slightly over 3% at the beginning of 1993. Taxable sales are stabilizing after a lengthy decline.

There are still ample signs of weakness. Manufacturing employment continues to decline, with deep losses in aerospace -- reflecting defense cuts and weak commercial markets. Despite strong output and sales gains, electronics firms continue to cut payrolls. All manufacturing industries, with the exception of apparel and textiles, are posting employment losses. Housing, usually an engine of recovery, remains in a slump. Permit volume has averaged a 95,000 unit annual rate in recent months, actually somewhat below last year's 98,000 total. Nonresidential construction continues to hit new recession lows, reflecting oversupplied commercial office retail and hotel markets. Employment continues to decline in such normally stable industries as banking, the utilities and most segments of wholesale and retail trade. Food, department and apparel stores are shedding jobs. Government employment is down 30,000 over the past year.

The May Revision forecast expects this essentially flat pattern of economic activity to persist throughout 1993, with employment by year end only marginally higher than in April. Gains in service industries, mainly health care, temporary agencies (in business services), motion picture production and amusements were expected to continue.

The forecast predicted the State's economy to improve slowly in 1994 and 1995, but to continue to experience deep defense budget cuts, overbuilt commercial real estate and high business and living costs, especially compared to neighboring Western states. Nonfarm employment, on an annual average basis, was forecast to decline by about 1/2% in 1993, then increase by 1% in 1994 and a little over 2% in 1995. Personal income growth was forecast at 3.7% in 1993, 4.7% in 1994 and 6% in 1995. The California consumer price index was expected to average around a 3-1/2% advance each year. Home construction was forecast to improve to 108,000 units in 1993, 145,000 in 1994 and nearly 170,000 by 1995.

The Department of Finance Bulletins for July, August, and September, 1993 reported that California entered the fourth year of recession in June, 1993 with few signs of any sustained turnaround in the economy, which remains sluggish. In the year from August, 1992 to August, 1993 an estimated 173,000 more jobs had been lost, principally in manufacturing. A small gain in nonfarm employment in July, 1993 was offset by a larger loss of 22,000 jobs in August, 1993. Unemployment has risen in the last few months to 9.0% in August. Changes in the rate have been primarily due to changes in the labor force; actual jobs and job-seekers declined in August, 1993. This was consistent with a report issued by the Department of Finance indicating that California suffered a

net loss of 150,000 residents to other states in the last fiscal year; overall population still grew due to births and foreign immigration. Both residential and nonresidential real estate construction remained in a sustained slump, and were, in May, 1993 both at or close to the lowest levels since the start of the recession.

Finally, the Department of Finance noted that California would be hit hard by the latest round of Federal military base closings and force realignments, which will be implemented over the remaining years of the decade. California was estimated to have 22% of the nation's defense spending, but might suffer 25-30% of the defense spending cuts over the next five years. The Department also estimates that the recent federal Budget Reconciliation Act will have a disproportionate and negative impact on California. California would suffer 19.5% of the outlay reductions, which rely heavily on defense budget cuts, and the State, with many high income taxpayers, will pay nearly 14.5% of the tax increases, compared to 12% of the nation's population.

Connecticut Series

Connecticut's economy is diverse, with manufacturing, services and trade accounting for approximately 70% of total non-agricultural employment. The State's manufacturing industry is diversified, but from 1970 to 1992 manufacturing employment declined 30.8%, while non-manufacturing employment increased 60.8%, particularly in the service, trade and finance categories, resulting in an increase of 27.0% in total growth in non-agricultural sectors. Defense-related business plays an important role in the Connecticut economy, and economic activity has been affected by the volume of defense contracts awarded to Connecticut firms. In the past ten years, Connecticut ranked from sixth to eleventh among all states in total defense contract awards, receiving 2.8% of all such contracts in 1992. In recent years the Federal government has reduced the amount of defense-related spending and the largest defense-related employers in the State have announced substantial labor force reductions. The effect of such future reductions on the Connecticut economy predicts that the defense sector is not as promising as it once was.

Connecticut has a high level of personal income. According to Bureau of Economic Analysis figures, personal income of State residents for calendar year 1992 was \$89.4 billion, a 4.6% increase over the previous year. On a per capita basis, personal income in the State increased 28.7% from 1987 to 1992 and 11.6% from 1989 to 1992, compared with national increases of 27.8% and 12.9%, respectively. As of July 1993, the estimated rate of unemployment (on a seasonably adjusted basis) in the State was 7.1%.

While the State's General Fund ended fiscal 1984-85, 1985-86 and 1986-87 with operating surpluses of approximately \$365.5 million, \$250.1 million and \$365.2 million, respectively, the State recorded operating deficits of \$115.6 million, \$28 million, \$259.5 million and \$808.5 million for fiscal 1987-88, 1988-89, 1989-90 and 1990-91, respectively. Together with the deficit carried forward from fiscal 1989-90, the total deficit for the fiscal year 1990-91 was \$965.7 million. The total deficit amount was funded by the issuance of General Obligation Economic Recovery Notes. The Comptroller's annual report for the fiscal year ended June 30, 1992 reflected a General Fund operating surplus of \$110.2 million., which surplus was used to retire \$110.1 million of the State's Economic Recovery Notes. The Comptroller's annual report for the fiscal year ended June 30, 1993 reflected a General Fund operating surplus of \$113.5 million. The unappropriated surplus in the General Fund is deemed to be appropriated for debt service for the fiscal year ending June 30, 1994.

Since 1988, the Comptroller's annual report has reported results on the basis of both the modified cash basis required by State law and the modified accrual basis used for GAAP financial reporting. The Comptroller's monthly report for the period ended August 31, 1993 stated that on a GAAP basis the cumulative deficit was \$484.3 million for fiscal 1993-94. The modified cash basis of accounting used for statutory financial reporting and the modified accrual basis used for GAAP financial reporting are different and, as a result, often produce varying financial results, primarily because of differences in the recognition of revenues and expenditures.

The budget adopted by the General Assembly for fiscal 1993-94 anticipates General Fund expenditures of \$7.69 billion and General Fund revenues of \$7.695 billion. For fiscal 1994-95, the adopted budget anticipates General Fund expenditures of \$8.116 billion and General Fund revenues of \$8.117 billion.

On November 3, 1992, Connecticut voters approved a

constitutional amendment which requires a balanced budget for each year and imposes a cap on the growth of expenditures. The General Assembly is required by the constitutional amendment to adopt by three-fifths vote certain spending cap definitions. The statutory spending cap limits the growth of expenditures to either (1) the rolling five-year average annual growth in personal income, or (2) the increase in the consumer price index for urban consumers during the preceding twelve-month period, whichever is greater. Expenditures for the payment of bonds, notes and other evidences of indebtedness are excluded from the constitutional and statutory definitions of general budget expenditures. To preclude shifting expenditures out of the General Fund to other funds, the spending cap applies to all appropriated funds combined. For fiscal 1993-94 and for fiscal 1994-95, permitted growth in capped expenditures is 5.82% and 4.49%, respectively. The adopted Budget for fiscal 1993-94 and 1994-95 is approximately \$58 million and \$24 million, respectively, below the spending cap.

The State finances its operations primarily through the General Fund. All tax and most non-tax revenues of the State, except for motor fuels taxes and other transportation related taxes, fees and revenues, are paid into, and substantially all expenditures pursuant to legislative appropriations are made out of, the General Fund. The State derives approximately 70% of its revenues from taxes. Miscellaneous fees, receipts, transfers and Federal grants account for most of the other State revenue. The sales and use taxes, the corporation business tax and the recently enacted broad based personal income tax are the major revenue raising taxes.

The State has no constitutional or other organic limit on its power to issue obligations or incur indebtedness other than that it may only borrow for public purposes. There are no reported court decisions relating to State bonded indebtedness other than two cases validating the legislative determination of the public purpose for improving employment opportunities and related activities. The State Constitution has never contained provisions requiring submission of the questions of incurring indebtedness to a public referendum. Therefore, the authorization and issuance of State debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory.

The General Assembly has empowered, pursuant to bond acts in effect, the State Bond Commission to authorize general obligation bonds in the amount of \$9,140,275,363. As of October 1, 1993, the State Bond Commission had authorized \$7,384,654,455 in such bonds and the balance of \$1,755,620,908 was available for authorization. From such total authorizations of \$7,384,654,455, bonds in the aggregate of \$6,355,937,637.22 have been issued and the balance of \$1,028,716,817.78 remained authorized but unissued as of October 1, 1993.

The State has established a program of temporary note issuances to cover periodic cash flow requirements. The maximum volume of cash flow borrowing is determined based upon the State's actual cash needs on a daily basis. The State, as of April 17, 1990, commenced a program permitting the issuance of up to \$539 million of General Obligation Temporary Notes (the "April 1990 Program"). Under the April 1990 Program, the State may issue notes during a five-year period concluding in April of 1995. Additionally, a separate \$200 million temporary note program commenced as of April 30, 1991 and concluded on October 31, 1991. There are currently no notes outstanding under either program.

General obligation bonds issued by Connecticut municipalities are payable primarily from ad valorem taxes on property subject to taxation by the municipality. Certain Connecticut municipalities have experienced severe fiscal difficulties and have reported operating and accumulated deficits in recent years. The most notable of these is the City of Bridgeport.

S&P, Moody's and Fitch rate Connecticut's municipal bonds AA-, Aa and AA+, respectively.

Florida Series

General. The Florida Constitution and Statutes mandate that the State budget as a whole, and each separate fund within the State budget, be kept in balance from currently available revenues each fiscal year. Florida's Constitution permits issuance of Florida Municipal Obligations pledging the full faith and credit of the State, with a vote of the electors, to finance or refinance fixed capital outlay projects authorized by the Legislature provided that the outstanding principal does not exceed 50% of the total tax revenues of the State for the two preceding years.

Florida's Constitution also provides that the Legislature shall appropriate monies sufficient to pay debt service on State bonds pledging the full faith and credit of the State as the same becomes due.

Revenues and Expenditures. Financial operations of the State of Florida covering all receipts and expenditures are maintained through the use of three funds - General Revenue Fund, Trust Funds and Working Capital Fund. The General Revenue Fund receives the majority of State tax revenues. The Trust Funds consist of monies received by the State which under law or trust agreement are segregated for a purpose authorized by law. Revenues in the General Revenue Fund which are in excess of the amount needed to meet appropriations may be transferred to the Working Capital Fund. The Florida Constitution and Statutes mandate that the State budget as a whole, and each separate fund within the State budget, be kept in balance from currently available revenues each State fiscal year.

Florida ended fiscal years 1990-91 and 1991-92 with General Revenue plus Working Capital Funds unencumbered reserves of approximately \$50 million and \$184.6 million, respectively. Estimated fiscal year 1992-93 General Revenue plus Working Capital Funds available total \$12.256 billion. Total effective appropriations for the 1992-93 fiscal year are \$11.805 billion, resulting in estimated unencumbered reserves of \$441.4 million at the end of the fiscal year. Estimated fiscal year 1993-94 General Revenue plus Working Capital Funds available total \$13.548 billion, a 10.5% increase over 1992-93. With recommended General Revenue plus Working Capital Fund appropriations at \$13.272 billion, unencumbered reserves at the end of 1993-94 are estimated at \$276.3. The massive effort to rebuild and replace destroyed or damage property in the wake of Hurricane Andrew is responsible for the substantial positive revenue estimates shown. Most of the impact is in the sales tax.

In fiscal year 1991-92, the State derived approximately 64% of its total direct revenues to the General Revenue Fund, Trust Funds and Working Capital Fund from State taxes. Federal grants and other special revenues accounted for the remaining revenues. Major sources of tax revenues to the General Revenue Fund are the sales and use tax, corporate income tax, and beverage tax, which amounted to 68%, 7% and 5%, respectively, of total General Revenue Funds available.

State expenditures are categorized for budget and appropriation purposes by type of fund and spending unit, which are further subdivided by line item. In fiscal year 1991-92, expenditures from the General Revenue Fund for education, health and welfare and public safety amounted to approximately 53%, 30% and 13.3%, respectively, of total General Revenues.

Sales and Use Tax. The greatest single source of tax receipts in Florida is the sales and use tax. The sales tax is 6% of the sales price of tangible personal property sold at retail in the State. The use tax is 6% of the cost price of tangible personal property when the same is not sold but is used, or stored for use, in the State. The use tax also applies to the use in the State of tangible personal property purchased outside Florida which would have been subject to the sales tax if purchased from a Florida dealer. Less than 10% of the sales tax is designated for local governments and is distributed to the respective counties in which collected for use by such counties and municipalities therein. In addition to this distribution, local governments may (by referendum) assess a .5% or 1% discretionary sales surtax within their county. Proceeds from this local option sales tax are earmarked for funding local infrastructure programs and acquiring land for public recreation or conservation or protection of natural resources. In addition, non-consolidated counties with populations in excess of 800,000 may levy a local option sales tax to fund indigent health care. This tax rate may not exceed .5% and the combined levy of the indigent health care surtax and the infrastructure surtax described above may not exceed 1%. Furthermore, charter counties which adopted a charter prior to June 1, 1976, and each county with a consolidated county/municipal government, may (by referendum) assess up to a 1% discretionary sales surtax within their county. Proceeds from this tax are earmarked for the development, construction, maintenance and operation of a fixed guideway rapid transit system or may be remitted to an expressway or transportation authority for use on county roads and bridges, for a bus system, or to service bonds financing roads and bridges. The two taxes, sales and use, stand as complements to each other, and taken together provide a uniform tax upon either the sale at retail or the use of all tangible personal property irrespective of where it may have been purchased. This tax also includes a levy on the following: (i) rentals of tangible personal property, transient lodging and non-residential real property; (ii) admissions to places of amusements, most sports and recreation events; (iii) utilities,

except those used in homes; and (iv) restaurant meals. Exemptions include: groceries; medicines; hospital rooms and meals; fuels used to produce electricity; purchases by religious, charitable and educational nonprofit institutions; most professional, insurance and personal service transactions; apartments used as permanent dwellings; the trade-in value of motor vehicles; and residential utilities.

All receipts of the sales and use tax, with the exemption of the tax on gasoline and special fuels, are credited to either the General Revenue Fund, the Solid Waste Management Trust Fund, or counties and cities. For the State fiscal year which ended June 30, 1992, receipts from this source were \$8.376 billion, an increase of 2.7% from fiscal year 1990-91.

Motor Fuel Tax. The second largest source of State tax receipts is the tax on motor fuels. Preliminary data show collections from this source in the State fiscal year ended June 30, 1992, were \$1.476 billion. However, these revenues are almost entirely dedicated trust funds for specific purposes and are not included in the State General Revenue Fund.

State and local taxes on motor fuels (gasoline and special fuel) include several distinct fuel taxes: (i) the State sales tax on motor fuels, levied at 6% of the average retail price per gallon of fuel, not to fall below 6.9 cents per gallon; (ii) the State excise tax of four cents per gallon of motor fuel, proceeds distributed to local governments; (iii) the State Comprehensive Enhanced Transportation System (SCETS) tax, which is levied at a rate in each county equal to two-thirds of the sum of the county's local option motor fuel taxes; and (iv) local option motor fuel taxes, which may range between one cent to seven cents per gallon.

Alcoholic Beverage Tax. Florida's alcoholic beverage tax is an excise tax on beer, wine, and liquor. This tax is one of the State's major tax sources, with revenues totaling \$435.2 million in State fiscal year ended June 30, 1992. Alcoholic beverage receipts declined from the previous year's total. The revenues collected from this tax are deposited into the State's General Revenue Fund.

The 1990 Legislature established a surcharge on alcoholic beverages. This charge is levied on alcoholic beverages sold for consumption on premises. The surcharge is at ten cents per ounce of liquor, ten cents per four ounces of wine, four cents per twelve ounces of beer. Most of these proceeds are deposited into the General Revenue Fund. In fiscal 1991-92, a total of \$92.4 million was collected.

Corporate Income Tax. Pursuant to an amendment to the State Constitution, the State Legislature adopted, effective January 1, 1972, the "Florida Income Tax Code" imposing a tax upon the net income of corporations, organizations, associations and other artificial entities for the privilege of conducting business, deriving income or existing within the State. This tax does not apply to natural persons who engage in a trade or business or profession under their own or any fictitious name, whether individually as proprietorships or in partnerships with others, estates of decedents or incompetents, or testamentary trusts.

The tax is imposed in an amount equal to 5.5% of the taxpayer's net corporate income for the taxable year, less a \$5,000 exemption, as defined in such Code. Net income is defined by the Code as that share of a taxpayer's adjusted Federal income for such year which is apportioned to the State of Florida. Apportionment is by weighted factors of sales (50%), property (25%) and payroll (25%). All business income is apportioned and non-business income is allocated to a single jurisdiction, usually the state of commercial domicile.

All receipts of the corporate income tax are credited to the General Revenue Fund. For the fiscal year ended June 30, 1992, receipts from this source were \$801.3 million, an increase of 14.2% from fiscal year 1990-91.

Documentary Stamp Tax. Deeds and other documents relating to realty are taxed at 70 cents per \$100 of consideration, while corporate shares, bonds, certificates of indebtedness, promissory notes, wage assignments and retail charge accounts are taxed at 35 cents per \$100 of consideration. Documentary stamp tax collections totalled \$472.4 million during fiscal year 1991-92, posting a .5% increase from the previous fiscal year. The General Revenue Fund receives approximately 71% of documentary stamp tax collections.

Gross Receipts Tax. Effective July 1, 1992, the tax rate was increased from 2.25% to 2.5% of the gross receipts of electric, natural gas and telecommunications services. All gross receipts utilities

collections are credited to the Public Education Capital Outlay and Debt Service Trust Fund. In fiscal year 1991-92, gross receipts utilities tax collections totalled \$392.1 million, an increase of 17.6% over the previous fiscal year.

Intangible Personal Property Tax. This tax is levied on two distinct bases: i) stocks, bonds, including bonds secured by Florida realty, notes, government leaseholds, interests in limited partnerships registered with the SEC, and other miscellaneous intangible personal property not secured by liens on Florida realty are taxed annually at a rate of 2 mills, ii) mortgages and other obligations secured by liens on Florida realty, taxed with a non-recurring 2 mill tax.

Of the tax proceeds, 33.5% is distributed to the Municipal Revenue Sharing Trust Fund. The remainder is distributed to the General Revenue Fund.

Fiscal year 1991-92 total intangible personal property tax collections were \$586.2 million, a 13% increase over the prior year.

Severance Taxes. The severance tax includes the taxation of oil, gas and sulfur production and a tax on the severance of primarily phosphate rock and other solid minerals. Total collections from severance taxes totalled \$67.2 million during fiscal year 1991-92, down 6.9% from the previous fiscal year.

Lottery. The 1987 Legislature created the Department of the Lottery to operate the State Lottery and setting forth the allocation of the revenues. Of the revenues generated by the Lottery, 50% is to be returned to the public as prizes; at least 38% is to be deposited in the Educational Enhancement Trust Fund (for public education); and no more than 12% can be spent on the administrative cost of operating the lottery.

Fiscal year 1991-92 produced ticket sales of \$2.19 billion of which education received approximately \$835.4 million.

New Jersey Series

New Jersey's economic base is diversified, consisting of a variety of manufacturing, construction and service industries, supplemented by rural areas with selective commercial agriculture. New Jersey's principal manufacturing industries produce chemicals, pharmaceuticals, electrical equipment and instruments, machinery, services, wholesale and retail trade, food products, and printing. Other economic activities include services, wholesale and retail trade, insurance, tourism, petroleum refining and truck farming.

While New Jersey's economy continued to expand during the late 1980s, the level of growth slowed considerably after 1987. Initially, this slowdown was an expected response to the State's tight labor market and the decrease in the number of persons entering the labor force. Late in the decade, a decline in construction demand and in the rate of growth in consumer spending as well as continued softness in the State's manufacturing sector set the stage for the current recession in New Jersey. The State's average annual unemployment rate was below the national average from 1981 through 1990. In 1988, unemployment dropped to its lowest level since 1969, averaging 3.8% for the year. Unemployment, however, began to rise during 1989 and 1990, averaging 5.0% of the labor force in New Jersey and 5.5% nationally in 1990. By August 1992, the State unemployment rate moved above the national average for the first time in a decade, registering 9.4%. In April 1993, the State unemployment rate was 9.1%. As a result of the State's fiscal weakness, S&P, in July 1991, lowered its rating of the State's general obligation debt from AAA to AA+.

The fiscal 1992 estimated budget gap of \$1.5 billion was closed through a combination of one-time and recurring actions. The State's General Fund ended fiscal 1992 with an undesignated fund balance of \$836 million.

The fiscal year 1993 Appropriations Act forecasts Sales and Use Tax collections of \$3.647 billion, a decrease from receipts of \$4.038 billion for fiscal year 1992, Gross Income Tax collections of \$4.35 billion, an increase from receipts of \$4.102 billion for fiscal year 1992, and Corporation Business Tax collections of \$1.06 billion, an increase from receipts of \$910.7 million for fiscal year 1992.

The State appropriated approximately \$12.639 billion and \$14.960 billion for fiscal 1991 and 1992, respectively. Estimated 1993 and 1994 State appropriations total \$14.770 billion and \$15.650 billion,

respectively. Of the \$14.770 billion appropriated in fiscal year 1993 from the General Fund, the Property Tax Relief Fund, the Casino Control Fund and the Casino Revenue Fund, \$6.290 billion (42.6%) is appropriated for State aid to local governments, \$3.390 billion (22.9%) is appropriated for grants-in-aid (payments to individuals or public or private agencies for benefits to which a recipient is entitled by law or for the provision of service on behalf of the State), \$4.478 billion (30.4%) for direct State services, \$444.3 million (3.0%) for debt service on State general obligation bonds and \$167.5 million (1.1%) for capital construction.

As of December 31, 1992, the outstanding general obligation bonded indebtedness of the State was approximately \$3.6 billion. In fiscal year 1992, the State initiated a program under which it issued tax and revenue anticipation notes to aid in providing effective cash flow management to fund imbalances which occur in the collection and disbursement of the General Fund and Property Tax Relief Fund revenues. On October 1, 1992, the State issued \$1.6 billion of tax and revenue anticipation notes.

Such tax and revenue anticipation notes do not constitute a general obligation of the State or a debt or liability within the meaning of the State Constitution. Such notes constitute special obligations of the State payable solely from moneys on deposit in the General Fund and Property Tax Relief Fund which are attributable to the State's fiscal year 1993 and legally available for such payment.

New York Series

The financial condition of New York State (the "State") and certain of its public bodies (the "Agencies") and municipalities, particularly New York City (the "City"), could affect the market values and marketability of New York Municipal Obligations which may be held by the New York Series.

A national recession commenced in mid-1990. The downturn continued through the remainder of the 1990-91 fiscal year, and was followed by a period of weak economic growth during the remainder of the 1991 calendar year. For the calendar year 1992, the national economy continued to recover, although at a rate below all post-war recoveries. For calendar year 1993, the economy is expected to grow faster than in 1992, but still at a very moderate rate, as compared to other recoveries. The recession has been more severe in the State than in other parts of the nation, owing to a significant retrenchment in the financial services industry, cutbacks in defense spending, and an overbuilt real estate market. The forecast made by the Division of the Budget for the overall rate of growth of the national economy during calendar year 1993 is similar to the "consensus" of a widely followed survey of forecasters.

The State's 1993-94 budget (the "1993-94 State Financial Plan") is based on an economic projection that the State will perform more poorly than the nation as a whole. Although real gross domestic product grew modestly during calendar year 1992 and is expected to show increased growth in calendar year 1993, preliminary data indicate that the State's economy, as measured by employment, began to grow during the first part of calendar year 1993. Many uncertainties exist in forecasts of both the national and State economies, including consumer attitudes toward spending, Federal financial and monetary policies, the availability of credit and the condition of the world economy, which could have an adverse effect on the State. There can be no assurance that the State economy will not experience worse-than-predicted results in the 1993-94 fiscal year, with corresponding material and adverse effects on the State's projections of receipts and disbursements.

The Governor released the recommended Executive Budget for the 1993-94 fiscal year on January 19, 1993 and amended it on February 18, 1993. The recommended 1993-94 State Financial Plan projected a balanced General Fund. General Fund receipts and transfers from other funds were projected at \$31.556 billion, including \$184 million expected to be carried over from the 1993-94 fiscal year. Disbursements and transfer to other funds were projected at \$31.489 billion, not including a \$67 million repayment to the State's Tax Stabilization Reserve Fund.

The 1993-94 State Financial Plan projects General Fund receipts and transfers from other funds at \$32.367 billion and disbursements and transfers to other funds at \$32.300 billion. Excess receipts of \$67 million will be used for a required repayment to the State's Tax Stabilization Reserve Fund. In comparison to the recommended 1993-94 Executive Budget, the 1993-94 State budget, as enacted, reflects increases in both receipts and disbursements in the General Fund of \$811 million.

The \$811 million increase in projected receipts reflects (i) an increase of \$487 million, from \$184 million to \$671 million, in the positive year-end margin at March 31, 1993, which resulted primarily from improving economic conditions and higher-than-expected tax collections, (ii) an increase of \$269 million in projected receipts, \$211 million resulting from the improved 1992-93 results and the expectation of an improving economy and the balance from improved auditing and enforcement measures and other miscellaneous items, (iii) additional payments of \$200 million from the Federal government to reimburse the State for the cost of providing indigent medical care, and (iv) the payment of an additional \$50 million of personal income tax refunds in the 1992-93 fiscal year which would otherwise have been paid in fiscal year 1993-94; offset by (v) \$195 million of revenue-raising recommendations in the Executive Budget that were not enacted and thus are not included in the 1993-94 State Financial Plan.

The \$811 million increase in projected disbursements reflects (i) an increase of \$252 million in projected school-aid payments, after applying projected receipts from the State Lottery allocated to school aid, (ii) an increase of \$194 million in projected payments for Medicaid assistance and other social service programs, (iii) additional spending on the judiciary (\$56 million) and criminal justice (\$48 million), (iv) a net increase in projected disbursements for all other programs and purposes, including mental hygiene and capital projects, of \$161 million, after reflecting certain re-estimates in spending, and (v) the transfer of \$100 million to a newly-established contingency reserve.

There can be no assurance that the State will not face substantial potential budget gaps in future years resulting from a significant disparity between tax revenues projected from a lower recurring receipts base and the spending required to maintain State programs at current levels. To address any potential budgetary imbalance, the State may need to take significant actions to align recurring receipts and disbursements in future fiscal years.

On June 6, 1990, Moody's changed its ratings on all the State's outstanding general obligation bonds from A1 to A. On March 26, 1990 and January 13, 1992, S&P changed its ratings on all of the State's outstanding general obligation bonds from AA- to A and from A to A-, respectively. Ratings reflect only the respective views of such organizations, and their concerns about the financial condition of New York State and City, the debt load of the State and City and any economic uncertainties about the region. There is no assurance that a particular rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant.

(1) The State, Agencies and Other Municipalities. During the mid-1970s, some of the Agencies and municipalities (in particular, the City) faced extraordinary financial difficulties, which affected the State's own financial condition. These events, including a default on short-term notes issued by the New York State Urban Development Corporation ("UDC") in February 1975, which default was cured shortly thereafter, and a continuation of the financial difficulties of the City, created substantial investor resistance to securities issued by the State and by some of its municipalities and Agencies. For a time, in late 1975 and early 1976, these difficulties resulted in a virtual closing of public credit markets for State and many State related securities.

In response to the financial problems confronting it, the State developed and implemented programs for its 1977 fiscal year that included the adoption of a balanced budget on a cash basis (a deficit of \$92 million that actually resulted was financed by issuing notes that were paid during the first quarter of the State's 1978 fiscal year). In addition, legislation was enacted limiting the occurrence of additional so-called "moral obligation" and certain other Agency debt, which legislation does not, however, apply to debt of the Municipal Assistance Corporation for the City of New York ("MAC").

State Financial Results. During the fiscal years ended March 31, 1987, 1988, 1989 and 1990, the State experienced significant unanticipated variations in the result of the State Financial Plan, particularly with respect to revenue projections, which it believes resulted principally from changes in taxpayer behavior caused by the Federal Tax Reform Act of 1986 (the "Tax Reform Act"). The Tax Reform Act substantially altered definitions of income and deductions in the computation of taxable income and substantially lowered tax rates used in the computation of Federal taxes. In 1987, the State enacted legislation that conformed State law to most of those definitional changes and also lowered tax rates. Those changes "broadened" the income tax base through

such devices as full inclusion of capital gains, restrictions on certain losses and adjustments to income. Those changes in the Federal tax law are expected to continue to influence taxpayer behavior during the next several years. For State personal income taxes, the net effect of those changes is to make estimates and forecasts of adjusted gross income less reliable than they had been in the past and to add substantial uncertainty to estimates of State tax liability based on such estimates and forecasts. In large part because of these uncertainties, the State's Financial Plan overestimated General Fund tax receipts in the 1988-89, 1989-90 and 1990-91 fiscal years by \$1.9 billion, \$1.6 billion and \$1.72 billion, respectively.

During its 1989-90, 1990-91 and 1991-92 fiscal years, the State incurred cash-basis operating deficits in the General Fund of \$775 million, \$1.081 billion and \$575 million, respectively, prior to the issuance of short-term tax and revenue anticipation notes ("TRANS"), owing to lower-than-projected receipts due to the significant slowdown in the New York and regional economy.

For its 1992-93 fiscal year the State had a balanced budget on a cash basis with a positive margin of \$671 million in the General Fund that was deposited in the refund reserve account.

The State's 1992-93 fiscal year was characterized by national and regional economies that performed better than projected in April 1992. National gross domestic product, State personal income, and employment and unemployment in the State are estimated to have performed better than originally projected in April 1992.

After reflecting a 1992-93 year-end deposit to the refund reserve account of \$671 million, reported 1992-93 General Fund receipts were \$45 million higher than originally projected in April 1992. If not for that year-end transaction, which had the effect of reducing 1992-93 receipts by \$671 million and making those receipts available in 1993-94, General Fund receipts would have been \$716 million higher than originally projected.

The favorable performance was primarily attributable to personal income tax collections that were more than \$700 million higher than originally projected (before reflecting the refund reserve transaction). The withholding and estimated payment components of the personal income tax exceeded original estimates by more than \$800 million combined, reflecting both stronger economic activity, particularly at year's end, and the tax-induced one-time acceleration of income into 1992. Modest shortfalls were experienced in other components of the income tax.

There were large, but largely offsetting, variances in other categories. Significantly higher-than-projected business tax collections and the receipt of unbudgeted payments from the Medical Malpractice Insurance Association and the New York Racing Association approximately offset the loss of an anticipated \$200 million Federal reimbursement, the loss of certain budgeted hospital differential revenue as a result of unfavorable court decisions, and shortfalls in certain miscellaneous revenue sources.

Disbursements and transfers to other funds totaled \$30.829 billion, an increase of \$45 million above projections in April 1992. After adjusting for the impact of a \$150 million payment from the Medical Malpractice Insurance Association to health insurers made pursuant to legislation passed in January 1993, actual disbursements were \$105 million lower than projected. This reduction primarily reflected higher-than-anticipated costs for educational programs, as offset by lower costs in virtually all other categories of spending, including Medicaid, local health programs, agency operations, fringe benefits, capital projects and debt service.

The 1991-92 State Financial Plan was initially formulated on June 10, 1991 and included increased taxes and other revenues, deferral of scheduled personal income tax reductions, significant reductions from previously projected levels in aid to localities and State operations and other budgetary actions that were expected to maintain many items of General Fund disbursements at or below the 1990-91 fiscal year levels.

Personal income tax receipts were projected at \$15.203 billion in June 1991 and at \$15.353 billion in July 1991. Actual receipts in the 1991-92 fiscal year were \$14.913 billion, a decrease of \$290 million and \$440 million as compared to the June and July projections, respectively. The shortfall in personal income tax receipts was the result of a weaker-than expected economy. User tax and fee receipts were \$6.353 billion, \$75 million and \$104 million below the June and July projections,

respectively. The primary reason for this shortfall was a weaker-than-projected economy and lower spending on consumer durables than projected. Business tax receipts of \$5.072 billion were up \$399 million and \$274 million as compared to the June and July projections, respectively. The reasons for these increases were higher-than-expected payments by banks and general business corporations against their current-year income. Receipts from other taxes were \$1.108 billion, a reduction of \$21 million from the June and July projections. This reduction was attributable to a sharp drop in real estate transactions and values caused by the weak economy, which was only partially offset by higher estate and gift tax revenues. Miscellaneous receipts of \$1.372 billion were down \$221 million and \$298 million from the June and July projections, respectively. The primary reason for this shortfall was the inability of the State to complete certain planned non-recurring transactions. Transfers to the General Fund from other funds totalled \$1.574 billion, an increase of \$43 million and \$27 million as compared to the June and July projections, respectively.

Disbursements and transfers to other funds totalled \$29.842 billion, an increase of \$448 million from the June projections, resulting from the actions on the budget taken in July 1991. Actual disbursements were \$10 million higher than the July projections. Increased disbursements were the result of higher-than-anticipated costs for Medicaid and income maintenance as a result of the economic downturn and significant job losses during 1991, offset by reduced disbursements of \$347 million achieved through administrative actions.

Total General Fund receipts and transfers from other funds in the 1990-91 fiscal year were \$28.6 billion, a decline of \$1.9 billion from projections made in the initial 1990-91 financial plan formulated May 23, 1990, immediately after adoption of the 1990-91 budget. General Fund tax receipts were \$27.4 billion, down \$1.7 billion from projections made in May 1990. The State implemented a deficit-reduction plan in December 1990, which had the effect of reducing the General Fund cash-basis operating deficit to \$1.081 billion. The State met the deficit through two issuances of tax and revenue anticipation notes: a public sale of \$905 million on February 28, 1991 and a sale of \$176.5 million to the State's Short-Term Investment Pool on March 29, 1991.

Personal income tax receipts totalled \$14.516 billion, a decline of \$1.044 billion from the \$15.560 billion projected in the 1990-91 State Financial Plan formulated in May 1990, primarily as a result of the recession. User taxes and fees were down \$509 million, as adjusted, from May 1990 projections to \$7.695 billion. Business taxes fell \$124 million from the May 1990 projection to \$4.017 billion. The major cause was a drop of \$114 million in collections from banks reflecting the continued poor financial results of the banking industry. Other taxes totalled \$1.199 billion, a reduction of \$43 million from the May 1990 projections. Real estate-based taxes were down \$151 million to \$410 million, primarily due to a sharp drop in real estate transactions caused by the recession. Estate and gift tax revenues were up \$108 million, to \$789 million, resulting from a larger number of settlements of extra-large estates. Disbursements and transfers to other funds totalled \$28.898 billion, a reduction of \$876 million from the financial plan formulated in May 1990.

General Fund receipts and transfers from other funds increased from \$28.6 billion in the State's 1990-91 fiscal year to \$30.4 billion in its 1991-92 fiscal year and to \$31.4 billion in its 1992-93 fiscal year. Similarly, disbursements and transfers to other funds increased from \$28.9 billion in its 1990-91 fiscal year to \$29.8 billion in its 1991-92 fiscal year to \$30.8 billion in its 1992-93 fiscal year.

Borrowings by the State in the public credit markets during the 1990-91 and 1991-92 fiscal years totalled \$6.0 billion and \$5.3 billion, respectively. Of these amounts, \$4.1 billion and \$3.9 billion, respectively, were annual seasonal borrowings. In 1992-93, State borrowings in the public credit markets totalled \$3.3 billion, including annual seasonal borrowings of \$2.3 billion. The State issued \$757.2 million of bonds and notes, exclusive of bonds issued to redeem bond anticipation notes, during the 1992-93 fiscal year to finance capital projects.

The principal operating fund of the State is the General Fund. It receives all State income that is not required by law to be deposited in another fund. General Fund receipts, excluding transfers from other funds, totalled \$28.818 billion in the State's 1991-92 fiscal year (before repayment of \$1.081 billion in deficit notes issued to close the State's 1990-91 fiscal year General Fund cash basis deficit and before issuance of \$531 million in deficit notes to close the 1991-92 fiscal year General Fund cash basis operating deficit). General Fund receipts in the State's

1992-93 fiscal year totalled \$29.950 billion (before the repayment of \$531 million in 1992 of such deficit notes). General Fund receipts in the State's 1993-94 fiscal year are estimated in the 1993-94 State Financial Plan at \$30.765 billion. Taxes account for 96% of estimated 1993-94 General Fund receipts, with the balance comprised of miscellaneous receipts. Excluding transfers to other funds, total General Fund disbursements in the 1992 fiscal year were \$28.058 billion, and \$29.068 billion in the State's 1992-93 fiscal year and are estimated to total \$30.346 billion in the State's 1993-94 fiscal year.

The Special Revenue Funds account for State receipts from specific sources that are legally restricted in use to specified purposes and include all moneys received from the Federal government. Total receipts in Special Revenue Funds are projected at \$23.126 billion in the State's 1993-94 fiscal years. Federal grants are projected to account for 78% of the total projected receipts in Special Revenue Funds in the State's 1993-94 fiscal year.

Disbursements from Special Revenue Funds are projected to be \$23.328 billion for the State's 1993-94 fiscal year. Grants to local governments disbursed from this fund type are projected to account for 76% of disbursements from this fund for the 1993-94 fiscal year.

The Capital Projects Funds are used to finance the acquisition and construction of major capital facilities and to aid local government units and Agencies in financing capital constructions. Federal grants for capital projects, largely highway-related, are projected to account for 35% of the \$2.768 billion in total projected receipts in Capital Projects Funds in the State's 1993-94 fiscal year. Total disbursements for capital projects are projected to be \$3.559 billion during the State's 1993-94 fiscal year. Of total disbursements from Capital Projects Funds, approximately 54% is for various transportation purposes, including highways and mass transportation facilities; 4% is for programs of the Department of Correctional Services and other public protection activities; 16% is for health and mental hygiene facilities; 13% is for environmental and recreational programs; 5% is for educational programs; and 5% is for housing and economic development programs. The balance is for the maintenance of State office facilities and various other capital programs.

The Debt Service Funds serve to fulfill State debt service on long-term general obligation State debt and other State lease/purchase and contractual obligation financing commitments. Total receipts in Debt Service Funds are projected to reach \$2.242 billion in the State's 1993-94 fiscal year. Total disbursements from Debt Service Funds for debt service, lease/purchase and contractual obligation financing commitments are projected to be \$2.118 billion for the 1993-94 fiscal year.

The State issued \$850 million in TRANS on May 4, 1993 to fund its day-to-day operations and certain local assistance payments to its municipalities and school districts. As of July 1, 1993, all of these TRANS remain outstanding and will mature on December 31, 1993.

The State anticipates that its 1993-94 borrowings for capital purposes will consist of approximately \$770 million in general obligation bonds and \$140 million in new commercial paper issuances. In addition, the State expects to issue \$140 million of its general obligation bonds for the purpose of redeeming outstanding bond anticipation notes. The Legislature also has authorized the issuance of up to \$185 million in certificates of participation for real property and equipment acquisitions during the State's 1993-94 fiscal year. The projections of the State regarding its borrowings for the 1993-94 fiscal year may change if actual receipts fall short of State projections or if other circumstances require.

The Governor's 1993-94 Executive Budget contained an update to the GAAP-basis 1992-93 State Financial Plan based on the cash-basis projections in the 1992-93 State Financial Plan, as revised on January 19, 1993. The update showed a General Fund operating surplus of \$945 million. For all governmental funds, the update reflected an overall operating surplus of \$1.287 billion. This included the General Fund operating surplus of \$945 million and operating surpluses of \$62 million in the Capital Projects Fund and \$295 million in Debt Service Funds, as offset, in part, by an operating deficit of \$15 million in the Special Revenue Funds.

The Governor's 1993-94 Executive Budget included a projection of the GAAP-basis 1993-94 State Financial Plan. The projection showed a General Fund operating surplus of \$448 million. On February 18, 1993 the projected General Fund operating surplus was reduced by \$5 million to \$443

million to reflect the changes made in the amendments to the 1993-94 Executive Budget. The projected GAAP results for the other governmental fund types were not revised. For all governmental funds, a surplus of \$592 million was projected, including the General Fund operating surplus of \$443 million and operating surpluses of \$196 million in the Capital Projects Funds and \$92 million in the Debt Service Funds, as partially offset by an operating deficit of \$139 million in the Special Revenue Funds.

The State's financial position as shown in its Combined Balance Sheet as of March 31, 1992 included an accumulated deficit in its combined governmental funds of \$3.315 billion represented by liabilities of \$14.166 billion and assets of \$10.851 billion available to liquidate such liabilities. The accumulated governmental fund type deficit includes a \$4.616 billion accumulated General Fund deficit, consisting of a \$6.284 billion accumulated deficit (as restated) at April 1, 1991, plus the \$1.668 billion operating surplus in the General Fund for the 1991-92 fiscal year, in addition to a net accumulated surplus of \$1.301 billion for all other governmental funds.

The use of New York Local Government Assistance Corporation ("LGAC") bond proceeds to make payments to local governmental units, otherwise made by the State, reduces the State's future liabilities. Therefore, the projected 1992-93 General Fund GAAP-basis operating surplus reflected above includes \$881 million and the 1993-94 General Fund GAAP-basis operating surplus reflected above includes \$700 million, to reflect payment by LGAC to local governmental units.

State Agencies. The fiscal stability of the State is related, at least in part, to the fiscal stability of its localities and various of its Agencies. Various Agencies have issued bonds secured, in part, by non-binding statutory provisions for State appropriations to maintain various debt service reserve funds established for such bonds (commonly referred to as "moral obligation" provisions).

At September 30, 1992, there were 18 Agencies that had outstanding debt of \$100 million or more. The aggregate outstanding debt, including refunding bonds, of these 18 Agencies, was \$62.2 billion as of September 30, 1992, of which approximately \$8.2 billion was moral obligation debt and approximately \$17.1 billion was financed under lease/purchase or contractual-obligation financing arrangements. Debt service on the outstanding Agency obligations normally is paid out of revenues generated by the Agencies' projects or programs, but in recent years the State has provided special financial assistance, in some cases on a recurring basis, to certain Agencies for operating and other expenses and for debt service pursuant to moral obligation indebtedness provisions or otherwise. Additional assistance is expected to continue to be required in future years.

Several Agencies have experienced financial difficulties in the past. Certain Agencies continue to experience financial difficulties requiring financial assistance from the State. Failure of the State to appropriate necessary amounts or to take other action to permit certain Agencies to meet their obligations could result in a default by one or more of such Agencies. If a default were to occur, it would likely have a significant effect on the marketability of obligations of the State and the Agencies. These Agencies are discussed below.

The New York State Housing Finance Agency ("HFA") provides financing for multifamily housing, State University construction, hospital and nursing home development and other programs. In general, HFA depends upon mortgagors in the housing programs it finances to generate sufficient funds from rental income, subsidies and other payments to meet their respective mortgage repayment obligations to HFA, which provide the principal source of funds for the payment of debt service on HFA bonds, as well as to meet operating and maintenance costs of the projects financed. From January 1, 1976 through March 31, 1987, the State was called upon to appropriate a total of \$162.8 million to make up deficiencies in the debt service reserve funds of HFA pursuant to moral obligation provisions. The State has not been called upon to make such payments since the 1986-87 fiscal year and no payments are anticipated during the 1993-94 fiscal year.

UDC has experienced, and expects to continue to experience, financial difficulties with the housing programs it had undertaken prior to 1975, because a substantial number of these housing program mortgagors are unable to make full payments on their mortgage loans. Through a subsidiary, UDC is currently attempting to increase its rate of collection by accelerating its program of foreclosures and by entering into settlement agreements. UDC has been, and will remain, dependent upon the

State for appropriations to meet its operating expenses. The State also has appropriated money to assist in the curing of a default by UDC on notes which did not contain the State's moral obligation provision.

The Metropolitan Transportation Authority (the "MTA") oversees New York City's subway and bus lines by its affiliates, the New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, the "TA"). Through MTA's subsidiaries, the Long Island Rail Road Company, the Metro-North Commuter Railroad Company and the Metropolitan Suburban Bus Authority, the MTA operates certain commuter rail and bus lines in the New York metropolitan area. In addition, the Staten Island Rapid Transit Authority, an MTA subsidiary, operates a rapid transit line on Staten Island. Through its affiliated agency, the Triborough Bridge and Tunnel Authority (the "TBTA"), the MTA operates certain toll bridges and tunnels. Because fare revenues are not sufficient to finance the mass transit portion of these operations, the MTA has depended and will continue to depend for operating support upon a system of State, local government and TBTA support and, to the extent available, Federal operating assistance, including loans, grants and operating subsidies.

The TA and the commuter railroads, which are on a calendar fiscal year, ended 1992 with their budgets balanced on a cash basis. The TA had a closing cash balance of approximately \$25 million, and the commuter railroads had a closing cash balance of approximately \$237 million.

Over the past several years the State has enacted several taxes--including a surcharge on the profits of banks, insurance corporations and general business corporations doing business in the 12-county region (the "Metropolitan Transportation Region") served by the MTA and a special .25% regional sales and use tax--that provide additional revenues for mass transit purposes, including assistance to the MTA. The surcharge, which expires in November 1995, yielded \$507 million in calendar year 1992, of which the MTA was entitled to receive approximately 90%, or approximately \$456 million.

For 1993, the TA originally projected a budget gap of about \$266 million. On January 31, 1993, the TBTA increased the tolls on its facilities. Since TBTA operating surpluses help subsidize TA operations, the TBTA toll increase and other developments reduced the TA's budget gap to approximately \$241 million.

A subway fire on December 28, 1990 and a subway derailment on August 28, 1991, each of which caused fatalities and many injuries, have given rise to substantial claims for damages against both the TA and the City.

In 1981, the State Legislature authorized procedures for the adoption, approval and amendment of a five-year plan for the capital program designed to upgrade the performance of the MTA's transportation systems and to supplement, replace and rehabilitate facilities and equipment, and also granted certain additional bonding authorization therefor.

On April 5, 1993, the Legislature approved, and the Governor subsequently signed into law, legislation authorizing a five-year \$9.56 billion capital plan for the MTA for 1992-1996. The MTA has submitted a 1992-1996 Capital Program based on this legislation for the approval of the MTA Capital Program Review Board (the "CPRB"), as State law requires. On July 1, 1993, the CPRB indicated that it was withholding approval pending the resolution of certain related issues. If approved, the 1992-1996 Capital Program would succeed two previous five-year capital programs of the periods covering 1982-1986 and 1987-1991. The 1987-1991 Capital Program totalled approximately \$8.0 billion, including \$6.2 billion for TA capital projects.

The 1992-1996 Capital Program would supersede a one-year program adopted in 1992. State budget legislation for the 1992-93 fiscal year had required the MTA to submit a one-year capital program for 1992 instead of a five-year program. The one-year program, which contained \$1.635 billion of projects for transit and commuter facilities combined, was approved by the CPRB in May 1992, but the five-year program for 1992-1996, required to be submitted subsequently by the MTA as an amendment to the one-year plan, was disapproved without prejudice by the CPRB in December 1992.

There can be no assurance that such governmental actions will be taken, that sources currently identified will not be decreased or eliminated, or that the 1992-1996 Capital Program will not be delayed or reduced. If the MTA capital program is delayed or reduced because of

funding shortfalls or other factors, ridership and fare revenues may decline, which could, among other things, impair the MTA's ability to meet its operating expenses without additional State assistance.

The cities, towns, villages and school districts of the State are political subdivisions of the State with the powers granted by the State Constitution and statutes. As the sovereign, the State retains broad powers and responsibilities with respect to the government, finances and welfare of these political subdivisions, especially in education and social services. In recent years the State has been called upon to provide added financial assistance to certain localities.

Other Localities. Certain localities in addition to the City could have financial problems leading to requests for additional State assistance during the State's 1993-94 fiscal year and thereafter. The potential impact on the State of such actions by localities is not included in the projections of the State receipts and disbursements in the State's 1993-94 fiscal year.

Municipalities and school districts have engaged in substantial short-term and long-term borrowings. In 1991, the total indebtedness of all localities in the State was approximately \$32.2 billion, of which \$16.8 billion was debt of the City (excluding \$6.7 billion in MAC debt). A small portion (approximately \$39.0 million) of this indebtedness represented borrowing to finance budgetary deficits and was issued pursuant to enabling State legislation. State law requires the Comptroller to review and make recommendations concerning the budgets of those local government units other than the City authorized by State law to issue debt to finance deficits during the period that such deficit financing is outstanding. Fifteen localities had outstanding indebtedness for deficit financing at the close of their fiscal year ending in 1991.

In 1992, an unusually large number of local government units requested authorization for deficit financing. According to the Comptroller, ten local government units were authorized to issue deficit financing in the aggregate amount of \$131.1 million, including Nassau County for \$65 million in six-year deficit bonds and Suffolk County for \$36 million in six-year deficit bonds. Although the Comptroller has indicated that the level of deficit financing requests is unprecedented, such developments are not expected to have a material adverse effect on the financial condition of the State.

Certain proposed Federal expenditure reductions would reduce, or in some cases eliminate, Federal funding of some local programs and accordingly might impose substantial increased expenditure requirements on affected localities to increase local revenues to sustain those expenditures. If the State, the City or any of the Agencies were to suffer serious financial difficulties jeopardizing their respective access to the public credit markets, the marketability of notes and bonds issued by localities within the State could be adversely affected. Localities also face anticipated and potential problems resulting from certain pending litigation, judicial decisions and long-range economic trends. The longer-range, potential problems of declining city population, increasing expenditures and other economic trends could adversely affect localities and require increasing State assistance in the future.

Because of significant fiscal difficulties experienced from time to time by the City of Yonkers, a Financial Control Board was created by the State in 1984 to oversee Yonkers' fiscal affairs. Future actions taken by the Governor or the State Legislature to assist Yonkers in this crisis could result in the allocation of State resources in amounts that cannot yet be determined.

Certain litigation pending against the State or its officers or employees could have a substantial or long-term adverse effect on State finances. Among the more significant of these litigations are those that involve: (i) the validity and fairness of agreements and treaties by which various Indian tribes transferred title to the State of approximately six million acres of land in central New York; (ii) certain aspects of the State's Medicaid rates and regulations, including reimbursements to providers of mandatory and optional Medicaid services; (iii) contamination in the Love Canal area of Niagara Falls; (iv) a challenge to the State's practice of reimbursing certain Office of Mental Health patient-care expenses with clients' Social Security benefits; (v) a challenge to the methods by which the State reimburses localities for the administrative costs of food stamp programs; (vi) a challenge to the State's possession of certain funds taken pursuant to the State's Abandoned Property law; (vii) alleged responsibility of State officials to assist in remedying racial segregation in the City of Yonkers; (viii) an action, in which the State is a third party defendant, for injunctive or other appropriate

relief, concerning liability for the maintenance of stone groins constructed along certain areas of Long Island's shoreline; (ix) actions challenging the constitutionality of legislation enacted during the 1990 legislative session which changed the actuarial funding methods for determining contributions to State employee retirement systems; (x) an action against State and City officials alleging that the present level of shelter allowance for public assistance recipients is inadequate under statutory standards to maintain proper housing; (xi) an action challenging legislation enacted in 1990 which had the effect of deferring certain employer contributions to the State Teachers' Retirement System and reducing State aid to school districts by a like amount; (xii) a challenge to the constitutionality of financing programs of the Thruway Authority authorized by Chapters 166 and 410 of the Laws of 1991 (described below in this Part); (xiii) a challenge to the constitutionality of financing programs of the Metropolitan Transportation Authority and the Thruway Authority authorized by Chapter 56 of the Laws of 1993 (described below in this Part); (xiv) challenges to the delay by the State Department of Social Services in making two one-week Medicaid payments to the service providers; (xv) challenges by commercial insurers, employee welfare benefit plans, and health maintenance organizations to provisions of Section 2807-c of the Public Health Law which impose 13%, 11%, 9% surcharges on inpatient hospital bills and a bad debt and charity care allowance on all hospital bills paid by such entities; (xvi) challenges to the promulgation of the State's proposed procedure to determine the eligibility for and nature of home care services for Medicaid recipients; (xvii) a challenge to State implementation of a program which reduces Medicaid benefits to certain home-relief recipients; and (xviii) challenges to the rationality and retroactive application of State regulations recalibrating nursing home Medicaid rates.

Adverse developments or decisions in such cases could affect the ability of the State to maintain a balanced 1993-94 State Financial Plan.

(2) New York City. In the mid-1970s, the City had large accumulated past deficits and until recently was not able to generate sufficient tax and other ongoing revenues to cover expenses in each fiscal year. However, the City's operating results for the fiscal year ending June 30, 1992 were balanced in accordance with GAAP, the eleventh consecutive year in which the City achieved balanced operating results in accordance with GAAP. The City's ability to maintain balanced operating results in future years is subject to numerous contingencies and future developments.

The City's economy, whose rate of growth slowed substantially over the past three years, is currently in recession. During the 1990 and 1991 fiscal years, as a result of the slowing economy, the City has experienced significant shortfalls in almost all of its major tax sources and increases in social services costs, and has been required to take actions to close substantial budget gaps in order to maintain balanced budgets in accordance with the Financial Plan.

Since the stock market crash, the City's tax revenues have been below expected levels, and the revised local employment data available since January 1989 have confirmed that the City's economy has been severely affected by the stock market crash, and that the impact of layoffs in the finance, insurance and real estate sector is greater than had been believed earlier.

In 1975, the City became unable to market its securities and entered a period of extraordinary financial difficulties. In response to this crisis, the State created MAC to provide financing assistance to the City and also enacted the New York State Financial Emergency Act for the City of New York (the "Emergency Act") which, among other things, created the Financial Control Board (the "Control Board") to oversee the City's financial affairs and facilitate its return to the public credit markets. The State also established the Office of the State Deputy Comptroller ("OSDC") to assist the Control Board in exercising its powers and responsibilities. On June 30, 1986, the Control Board's powers of approval over the City Financial Plan were suspended pursuant to the Emergency Act. However, the Control Board, MAC and OSDC continue to exercise various monitoring functions relating to the City's financial condition. The City prepares and operates under a four-year financial plan which is submitted annually to the Control Board for review and which the City periodically updates.

The City's independently audited operating results for each of its fiscal years from 1981 through 1992 show a General Fund surplus reported in accordance with GAAP. The City has eliminated the cumulative deficit in its net General Fund position. In addition, the City's financial statements for the 1992 fiscal year received an unqualified

opinion from the City's independent auditors, the tenth consecutive year the City has received such an opinion.

On June 11, 1992, the City submitted to the Control Board a new four-year Financial Plan covering fiscal years 1993 through 1996 (the "1993-1996 Financial Plan"). The 1993-1996 Financial Plan was based on the City's adopted expense budget for the 1993 fiscal year, which includes actions intended to close a previously projected budget gap of \$1.2 billion. The 1993-1996 Financial Plan projected a balanced budget for fiscal year 1993 based upon revenues of \$29.508 billion, but budget gaps of \$1.6 billion, \$1.7 billion and \$2.3 billion in fiscal years 1994, 1995, and 1996, respectively. The 1993-1996 Financial Plan proposed to eliminate these gaps through a program of City, State and Federal actions.

On April 27, 1993, OSDC issued a report analyzing New York City's economy. The report found that the City is emerging from a severe recession that has plagued its economy for four years. It found that the huge job losses had ended, wages and salaries were rising and business earnings were stronger. However, it cautioned that a sustained economic recovery had not yet taken hold and that the City's economy remained far from healthy. Among the effects of the recession noted in the report were the loss of 360,000 jobs (seasonally adjusted), a total drop in retail sales of 8.5 percent, the addition of more than 250,000 recipients to the welfare rolls, and a weakened real estate market.

On May 3, 1993, the Major released his Executive Budget for fiscal year 1994 and revised projections for fiscal years 1993 through 1997 (the "Revised Financial Plan"). The Revised Financial Plan projects a balanced budget for fiscal year 1993 based upon revenues of \$30.659 billion, after the prepayment in fiscal year 1993 of \$345 million in expenditures previously planned for fiscal year 1994. After taking the prepayment into account, the Revised Financial Plan also projects a balanced budget for fiscal year 1994 based upon revenues of \$31.399 billion. Budget balance in that year is dependent upon the success of the Revised Financial Plan's fiscal year 1994 revenue enhancement and cost reduction program, the major elements of which include agency initiatives valued at \$791 million, the receipt of 4530 million of anticipated but as yet unidentified State and Federal aid, and the completion of a sale of real estate tax receivables which is expected to generate \$215 million. For City fiscal years 1995, 1996, and 1997, the Revised Financial Plan projects gaps of \$1.7 billion, \$2.2 billion and \$2.6 billion, respectively, after taking into account the recurring impact of the fiscal year 1994 revenue enhancement and cost reduction program. The Revised Financial Plan proposes to close these gaps through a combination of City, State and Federal actions.

On May 28, 1993, the staff of the Control Board, in reporting on its review of the City's budget for fiscal year 1993, concluded that the City would achieve a balanced budget for that year.

On June 4, 1993, OSDC issued a report on the Revised Financial Plan. The report concluded that budget balance for fiscal year 1994 will be difficult to achieve. The report found that expenditures could be \$280 million higher, due to higher estimates for payments to the Health and Hospitals Corporation (HHC) and for overtime in the uniformed services. In addition, the report noted that revenues could be \$111 million lower, in part, because it is unlikely that resources from a sale or restructuring of the Off-Track Betting Corporation will be realized as planned. The report also found that much of the anticipated budget relief of \$530 million from the Federal and State governments was unlikely to materialize and that it was uncertain whether the City would be able to realize a one-time gain of \$215 million from the proposed sale of certain real estate tax receivables.

For fiscal years 1995 through 1997, the OSDC report found that the budget gaps faced by the City could be greater than in the Revised Financial Plan by \$349 million in fiscal year 1995, \$350 million in fiscal year 1996 and \$322 million in fiscal year 1997. These estimates reflect higher payments to HHC and the expectation that receipts from a City-run lottery will not materialize. The report noted that the Revised Financial Plan makes no provision for collective bargaining costs after the expiration of current contracts in mid-fiscal year 1995 and estimated that each annual wage increase of one percent would cause the projected budget gaps to widen by \$56 million, \$209 million and \$363 million in fiscal years 1995 through 1997, respectively. Finally, the report concluded that with City spending growing faster than revenues, the challenge of balancing future budgets is formidable.

On June 13, 1993, the City Council adopted a budget for fiscal year 1994 which projects balanced operations based upon revenues of

\$31.269 billion (the "Adopted Budget"). The Adopted Budget eliminates \$300 million of anticipated aid from the State and Federal governments that was included in the Revised Financial Plan as it related to fiscal year 1994. The impact of the elimination is offset in the Adopted Budget by a larger program of agency spending reductions and revenue enhancements, as well as various re-estimates of revenues and expenditures.

On June 23, 1993, the City submitted to the Control Board a fourth quarter modification to the Revised Financial Plan as it relates to fiscal year 1993. The modification projects a balanced budget based on revenues of \$30.653 billion after taking into account a discretionary transfer of surplus fiscal year 1993 funds to fiscal year 1994. The modification also includes an unallocated reserve of \$40 million, which the City believes should be adequate to provide for any adjustments required by the year-end audit of its fiscal year 1993 operating results. Such audited results are expected to be known on or about October 31, 1993.

The City requires certain amounts of financing for seasonal and capital spending purposes. The City expects to issue \$1.4 billion of notes for seasonal financing purposes during its 1994 fiscal year. The City's capital financing program projects long-term financing requirements of approximately \$16.9 billion for the City's fiscal years 1994 through 1997 before taking into account capital program reductions totalling \$3.2 billion proposed by the Mayor on July 2, 1993. The major capital requirements include expenditures for the City's water supply system, sewer and waste disposal systems, roads, bridges, mass transit, schools, hospitals and housing.

(3) State Economic Trends. The City accounts for approximately 41% of the State's population and personal income, and the City's financial health affects the State in numerous ways. The State has long been one of the wealthiest states in the nation. For decades, however, the State economy has grown more slowly than that of the nation as a whole, resulting in the gradual erosion of its relative economic affluence. The causes of this relative decline are varied and complex, in many cases involving national and international developments beyond the State's control. In recent years, the State's economic position has improved in a manner consistent with that of the Northeast as a whole.

Part of the reason for the long-term relative decline in the State's economy has been attributed to the combined State and local tax burden, which is among the highest in the United States. The burdens of State and local taxation, in combination with many other causes of regional economic dislocation, may have contributed to the decision of businesses and individuals to relocate outside, or not locate within, the State. In 1987, the State enacted a major personal income tax reduction and reform program and also reduced the tax rate on corporation income. In addition, the State has provided various tax incentives to encourage business relocation and expansion. The State, however, in its 1989-90, 1990-91 and 1991-92 fiscal years substantially increased taxes and fees to help close projected budget gaps in those years, and in 1990-91, 1991-92 and 1992-93 delayed and restructured the remainder of the personal income tax reduction program originally enacted in 1987. Under legislation proposed with the 1993-94 budget, the rules for calculating tax liability for the 1993 tax year will be the same as those for the 1992 tax year (deferring for a fourth year a previously scheduled tax reduction), and the tax reduction program will be frozen at current rates. Also, in July 1991 State legislation was enacted to phase out the benefit of graduated income tax tables for taxpayers with adjusted gross income above \$100,000.

APPENDIX B

Description of S&P, Moody's and Fitch ratings:

S&P

Municipal Bond Ratings

An S&P municipal bond rating is a current assessment of the creditworthiness of an obligor with respect to a specific obligation.

The ratings are based on current information furnished by the issuer or obtained by S&P from other sources it considers reliable, and will include: (1) 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; (2) nature and provisions of the obligation; and (3) protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

AAA

Debt rated AAA has the highest rating assigned by S&P. Capacity to pay interest and repay principal is extremely strong.

AA

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

A

Principal and interest payments on bonds in this category are regarded as safe. This rating describes the third strongest capacity for payment of debt service. It differs from the two higher ratings because:

General Obligation Bonds -- There is some weakness in the local economic base, in debt burden, in the balance between revenues and expenditures, or in quality of management. Under certain adverse circumstances, any one such weakness might impair the ability of the issuer to meet debt obligations at some future date.

Revenue Bonds -- Debt service coverage is good, but not exceptional. Stability of the pledged revenues could show some variations because of increased competition or economic influences on revenues. Basic security provisions, while satisfactory, are less stringent. Management performance appears adequate.

BBB

Of the investment grade, this is the lowest.

General Obligation Bonds -- Under certain adverse conditions, several of the above factors could contribute to a lesser capacity for payment of debt service. The difference between "A" and "BBB" rating is that the latter shows more than one fundamental weakness, or one very substantial fundamental weakness, whereas the former shows only one deficiency among the factors considered.

Revenue Bonds -- Debt coverage is only fair. Stability of the pledged revenues could show substantial variations, with the revenue flow possibly being subject to erosion over time. Basic security provisions are no more than adequate. Management performance could be stronger.

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

Municipal Note Ratings

SP-1

The issuers of these municipal notes exhibit very strong or strong capacity to pay principal and interest. Those issues determined to possess overwhelming safety characteristics are given a plus sign (+) designation.

SP-2

The issuers of these municipal notes exhibit satisfactory capacity to pay principal and interest.

Commercial Paper Ratings

An S&P commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days. Issues assigned an A rating are regarded as having the greatest capacity for timely payment. Issues in this category are delineated with the numbers 1, 2 and 3 to indicate the relative degree of

safety.

A-1

This designation indicates that the degree of safety regarding timely payment is either overwhelming or very strong. Those issues determined to possess overwhelming safety characteristics are denoted with a plus sign (+) designation.

A-2

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

Moody's

Municipal Bond Ratings

Aaa

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

Aa

Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what generally are known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

A

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

Baa

Bonds which are rated Baa are considered as medium-grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Moody's applies the numerical modifiers 1, 2 and 3 to show relative standing within the major rating categories, except in the Aaa category. The modifier 1 indicates a ranking for the security in the higher end of a rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of a rating category.

Municipal Note Ratings

Moody's ratings for state and municipal notes and other short-term loans are designated Moody's Investment Grade (MIG). Such ratings recognize the differences between short-term credit risk and long-term risk. Factors affecting the liquidity of the borrower and short-term cyclical elements are critical in short-term ratings, while other factors of major importance in bond risk, long-term secular trends for example, may be less important over the short run.

A short-term rating may also be assigned on an issue having a demand feature. Such ratings will be designated as VMIG or, if the demand feature is not rated, as NR.

Short-term ratings on issues with demand features are differentiated by the use of the VMIG symbol to reflect such characteristics as payment upon periodic demand rather than fixed maturity dates and payment relying on external liquidity. Additionally, investors should be alert to the fact that the source of payment may be limited to the external liquidity with no or limited legal recourse to the issuer in the event the demand is not met.

Moody's short-term ratings are designated Moody's Investment Grade as MIG 1 or VMIG 1 through MIG 4 or VMIG 4. As the name implies, when Moody's assigns a MIG or VMIG rating, all categories define an investment grade situation.

MIG 1/VMIG 1

This designation denotes best quality. There is present strong protection by established cash flows, superior liquidity support or demonstrated broad-based access to the market for refinancing.

MIG 2/VMIG 2

This designation denotes high quality. Margins of protection are ample although not so large as in the preceding group.

Commercial Paper Ratings

The rating Prime-1 (P-1) is the highest commercial paper rating assigned by Moody's. Issuers of P-1 paper must have a superior capacity for repayment of short-term promissory obligations, and ordinarily will be evidenced by leading market positions in well established industries, high rates of return on funds employed, conservative capitalization structures with moderate reliance on debt and ample asset protection, broad margins in earnings coverage of fixed financial charges and high internal cash generation, and well established access to a range of financial markets and assured sources of alternate liquidity.

Fitch

Municipal Bond Ratings

The ratings represent Fitch's assessment of the issuer's ability to meet the obligations of a specific debt issue or class of debt. The ratings take into consideration special features of the issue, its relationship to other obligations of the issuer, the current financial condition and operative performance of the issuer and of any guarantor, as well as the political and economic environment that might affect the issuer's future financial strength and credit quality.

AAA

Bonds rated AAA are 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 rated AA are considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated AAA. Because bonds rated in the AAA and AA categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issuers is generally rated F-1+.

A

Bonds rated A are considered to be investment grade and of high credit 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 rated BBB are 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.

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, however, are not used in the AAA category covering 12-36 months.

Short-Term Ratings

Fitch's short-term ratings apply to debt obligations that are payable on demand or have original maturities of up to three years, including commercial paper, certificates of deposit, medium-term notes, and municipal and investment notes.

Although the credit analysis is similar to Fitch's bond rating analysis, the short-term rating places greater emphasis than bond ratings on the existence of liquidity necessary to meet the issuer's obligations in a timely manner.

F-1+

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

F-1

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

F-2

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

PREMIER INSURED MUNICIPAL BOND FUND
CALIFORNIA SERIES
Statement of Assets and Liabilities
August 11, 1993

ASSETS	
Cash	\$100,000.00
Deferred organization expenses	52,000.00
	<hr/>
Total Assets	\$152,000.00
	=====
LIABILITIES	
Accrued organization expenses	\$ 52,000.00
	<hr/>
NET ASSETS applicable to 4,000 shares of Class A shares of beneficial interest and 4,000 shares of Class B shares of beneficial interest (\$.001 par value) issued and outstanding (an unlimited number of Class A and Class B shares authorized)	\$100,000.00
	=====

CALCULATION OF MAXIMUM OFFERING PRICE

Class A Shares

NET ASSET VALUE and redemption price per share (\$50,000/4,000 shares of beneficial interest issued and outstanding)	\$ 12.50
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Sales Charge--4.5% of public offering price .59

Maximum offering price \$ 13.09
=====

Class B Shares

NET ASSET VALUE and redemption price per
share (\$50,000/4,000 shares of beneficial
interest issued and outstanding) \$ 12.50
=====

NOTE - Premier Insured Municipal Bond Fund (the "Fund") was organized as an unincorporated business trust under the laws of the Commonwealth of Massachusetts on March 12, 1992 and has had no operations since that date other than matters relating to its organization and registration as a non-diversified, open-end investment company under the Investment Company Act of 1940 and the Securities Act of 1933 and the sale and issuance of 4,000 Class A shares and 4,000 Class B shares of beneficial interest of the California Series to The Dreyfus Corporation ("Initial Shares"). On December 8, 1993 the Fund's name was changed from Premier California Insured Municipal Bond Fund to Premier Insured Municipal Bond Fund. Any organization expenses payable by the Fund have been deferred and will be amortized from the date operations commence over a period which it is expected that a benefit will be realized, not to exceed five years. If any of the Initial Shares are redeemed during the amortization period by any holder thereof, the redemption proceeds will be reduced by any unamortized organization expenses in the same proportion as the number of Initial Shares being redeemed bears to the number of Initial Shares outstanding at the time of the redemption.

REPORT OF INDEPENDENT AUDITORS

Shareholder and Board of Trustees
Premier California Insured Municipal Bond Fund
(Currently, Premier Insured Municipal
Bond Fund--California Series)

We have audited the accompanying statement of assets and liabilities of Premier California Insured Municipal Bond Fund as of August 11, 1993. This statement of assets and liabilities is the responsibility of the Fund's management. Our responsibility is to express an opinion on this statement of assets and liabilities based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether this statement of assets and liabilities is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of assets and liabilities. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of assets and liabilities presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of assets and liabilities referred to above presents fairly, in all material respects, the financial position of Premier California Insured Municipal Bond Fund at August 11, 1993, in conformity with generally accepted accounting principles.

New York, New York
August 11, 1993

Ernst & Young

Premier Insured Municipal Bond Fund, California Series
<TABLE>
<CAPTION>
Statement of Investments

December 31, 1993 (Unaudited)

Municipal Bonds--100.0% Principal Amount Value

	<C>	<C>
<S>		
Anaheim Public Financing Authority, Electric Utility Revenue (San Juan 4) 5.75%, 10/1/2022 (Insured; FGIC).....	\$ 100,000	\$ 103,125
California Public Works Board, Department of Corrections, Lease Revenue (State Prison-Coalinga) 5.375%, 12/1/2019 (Insured; MBIA).....	100,000	99,097
California Statewide Communities Development Authority, COP, Revenue (Sutter Health Obligated Group) 5.50%, 8/15/2013 (Insured; MBIA).....	200,000	202,040
Calleguas - Las Virgenes Public Financing Authority, Installment Purpose Revenue 5.125%, 7/1/2021 (Insured; FGIC).....	100,000	97,059
Central Union High School District, Imperial County 5.50%, 8/1/2017 (Insured; AMBAC).....	195,000	196,484
Eastern Municipal Water District, Water and Sewer Revenue, COP 5.25%, 7/1/2023 (Insured; FGIC).....	100,000	98,087
Glendale Redevelopment Agency, Tax Allocation Revenue, Refunding (Central Glendale Redevelopment Project) 5.50%, 12/1/2014 (Insured; AMBAC).....	205,000	207,220
Los Angeles Convention and Exhibition Center Authority, Lease Revenue, Refunding 5.125%, 8/15/2013 (Insured; MBIA).....	100,000	98,113
Los Angeles Metropolitan Transportation Authority, Sales Tax Revenue, Refunding 5%, 7/1/2021 (Insured; FGIC).....	200,000	190,528
Moulton-Niguel Water District, Refunding (Consolidated Improvement District) 5.25%, 9/1/2013 (Insured; MBIA).....	100,000	99,748
Northern, Transmission Revenue, Refunding (Ore Transmission) 5.25%, 5/1/2020 (Insured; MBIA).....	100,000	98,171
Oxnard Financing Authority, Wastewater Revenue, Refunding 5.25%, 6/1/2020 (Insured; FGIC).....	200,000	196,346
Sacramento Municipal Utility District, Electric Revenue, Refunding 5.25%, 11/15/2020 (Insured; MBIA).....	200,000	196,312
San Diego, Sewer Revenue 5%, 5/15/2013 (Insured; AMBAC).....	100,000	96,975
San Jose Redevelopment Agency, Tax Allocation, Refunding (Merged Area Redevelopment Project) 5.25%, 8/1/2016 (Insured; MBIA).....	200,000	197,902
Southern Public Power Authority, Transmission Project Revenue, Refunding 5%, 7/1/2022 (Insured; MBIA).....	100,000	95,190
University of California, Revenue, Refunding (Housing Systems) 5.25%, 11/1/2012 (Insured; MBIA).....	200,000	199,036
TOTAL INVESTMENTS (cost \$2,467,149).....		\$2,471,433 =====

</TABLE>

Summary of Abbreviations

<S>	<C>	<C>	<C>
AMBAC	American Municipal Bond Assurance Corporation	FGIC	Financial Guaranty Insurance Corporation
COP	Certificate of Participation	MBIA	Municipal Bond Insurance Association

<TABLE>
<CAPTION>

Summary of Combined Ratings

Fitch (a)	or	Moody's	or	Standard & Poor's	Percentage of Value
<S>	<C>	<C>	<C>	<C>	<C>
AAA		Aaa		AAA	100.0% =====

<FN>

Notes to Statement of Investments:

(a) Fitch currently provides creditworthiness information for a limited

amount of investments.

(b) At December 31, 1993, 27.7% of the Fund's net assets are insured by FGIC and 52.0% of the Fund's net assets are insured by MBIA.

</TABLE>

<TABLE>

Premier Insured Municipal Bond Fund, California Series
Statement of Assets and Liabilities

December 31, 1993 (Unaudited)

<S>

<C>

ASSETS:	
Investments in securities, at value (cost \$2,467,149)--see statement.....	\$2,471,433
Receivable for shares of Beneficial Interest subscribed.....	1,874
Interest receivable.....	35,466
Prepaid expenses--Note 1(e).....	45,363
Due from The Dreyfus Corporation.....	32,510

	2,586,646
LIABILITIES:	
Accrued expenses.....	115,763

NET ASSETS.....	\$2,470,883
	=====
REPRESENTED BY:	
Paid-in capital.....	\$2,466,599
Accumulated net unrealized appreciation on investments--Note 3.....	4,284

NET ASSETS at value.....	\$2,470,883
	=====
Shares of Beneficial Interest outstanding:	
Class A Shares (unlimited number of \$.001 par value shares authorized).....	82,237
	=====
Class B Shares (unlimited number of \$.001 par value shares authorized).....	111,509
	=====
NET ASSET VALUE per share:	
Class A Shares (\$1,048,555 / 82,237 shares).....	\$12.75
	=====
Class B Shares (\$1,422,328 / 111,509 shares).....	\$12.76
	=====

</TABLE>

<TABLE>

<CAPTION>

Statement of Operations

from August 19, 1993 (commencement of operations) to December 31, 1993 (Unaudited)

<S>

<C>

<C>

INVESTMENT INCOME:	
Interest Income.....	\$ 30,294
Expenses:	
Management fee--Note 2(a).....	\$ 3,266
Auditing fees.....	6,667
Legal fees.....	5,833
Shareholder servicing costs--Note 2(c).....	5,337
Prospectus and shareholders' reports.....	4,875
Registration fees.....	3,771
Organization expenses--Note 1(e).....	3,750
Trustees' fees and expenses--Note 2(d).....	2,810
Distribution fees (Class B shares)--Note 2(b).....	1,663
Custodian fees.....	369
Miscellaneous.....	939

	39,280
Less--expense reimbursement from Manager due to undertakings--Note 2(a).....	37,617

Total Expenses.....	1,663
INVESTMENT INCOME--NET.....	28,631
NET UNREALIZED APPRECIATION ON INVESTMENTS.....	4,284
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	\$ 32,915

</TABLE>

See notes to financial statements.

<TABLE>

Premier Insured Municipal Bond Fund, California Series
Statement of Changes in Net Assets
from August 19, 1993 (commencement of operations) to December 31, 1993 (Unaudited)

<S>	<C>
OPERATIONS:	
Investment income--net.....	\$ 28,631
Net unrealized appreciation on investments for the period.....	4,284
Net Increase In Net Assets Resulting From Operations.....	32,915
DIVIDENDS TO SHAREHOLDERS FROM:	
Investment income--net:	
Class A shares.....	(13,175)
Class B shares.....	(15,456)
	(28,631)
BENEFICIAL INTEREST TRANSACTIONS:	
Net proceeds from shares sold:	
Class A shares.....	1,688,062
Class B shares.....	2,053,625
Dividends reinvested:	
Class A shares.....	9,892
Class B shares.....	13,734
Cost of shares redeemed:	
Class A shares.....	(699,632)
Class B shares.....	(699,082)
Increase In Net Assets From Beneficial Interest Transactions.....	2,366,599
Total Increase In Net Assets.....	2,370,883
NET ASSETS:	
Beginning of period.....	100,000
End of period.....	\$2,470,883

</TABLE>

<TABLE>

<CAPTION>

	Shares	
	Period Ended December 31, 1993	
	Class A	Class B
<S>	<C>	<C>
CAPITAL SHARE TRANSACTIONS:		
Shares sold.....	133,353	162,246
Shares issued for dividends reinvested.....	784	1,087
Shares redeemed.....	(55,900)	(55,824)
Net Increase In Shares Outstanding.....	78,237	107,509

See notes to financial statements.

</TABLE>

Premier Insured Municipal Bond Fund, California Series

Financial Highlights (Unaudited)

Reference is made to page 5 of the Prospectus dated February 14, 1994.

Premier Insured Municipal Bond Fund, California Series

NOTES TO FINANCIAL STATEMENTS (Unaudited)

NOTE 1--Significant Accounting Policies:

Premier Insured Municipal Bond Fund (the "Fund") was organized as a Massachusetts business trust on March 12, 1992 and operates as a series company currently offering one series, the California Series ("the Series"). The Series had no operations until to August 19, 1993 (commencement of operations) other than matters relating to its organization and registration as a non-diversified open-end management investment company under the Investment Company Act of 1940 ("Act") and the Securities Act of 1933 and the sale and issuance of 4,000 Class A shares and 4,000 Class B shares of Beneficial Interest ("Initial Shares") to The Dreyfus Corporation ("Manager"). Dreyfus Service Corporation ("Distributor") acts as the distributor of the Fund's shares. As of December 31, 1993, the Manager held 10,078 shares for Class A and 10,070 shares for Class B. The Distributor is a wholly-owned subsidiary of the Manager. The Fund's fiscal year ends on July 31.

The Fund accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series' operations; expenses which are applicable to all series are allocated among them.

The Series offers both Class A and Class B shares. Class A shares are subject to a sales charge imposed at the time of purchase and Class B shares are subject to a contingent deferred sales charge imposed at the time of redemption on redemptions made within five years of purchase. Other differences between the two Classes include the services offered to and the expenses borne by each Class and certain voting rights.

(a) Portfolio valuation: The Series' investments (excluding options and financial futures on municipal and U.S. treasury securities) are valued each business day by an independent pricing service ("Service") approved by the Board of Trustees. Investments for which quoted bid prices in the judgment of the Service are readily available and are representative of the bid side of the market are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Options and financial futures on municipal and U.S. treasury securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on each business day. Investments not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. Bid price is used when no asked price is available.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Interest income, adjusted for amortization of premiums and, when appropriate, discounts on investments, is earned from settlement date and recognized on the accrual basis. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date.

The Series follows an investment policy of investing primarily in municipal obligations of one state. Economic changes affecting the state and certain of its public bodies and municipalities may affect the ability of issuers within the state to pay interest on, or repay principal of, municipal obligations held by the Series.

(c) Dividends to shareholders: It is the policy of the Series to declare dividends daily from investment income-net. Such dividends are paid monthly. Dividends from net realized capital gain, if any, are normally declared and paid annually, but the Series may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code. To the extent that net realized capital gain can be offset by capital loss carryovers, if any, it is the policy of the Series not to distribute such gain.

(d) Federal income taxes: It is the policy of the Series to qualify as a regulated investment company, which can distribute tax exempt dividends, by complying with the provisions available to certain investment companies, as defined in applicable sections of the Internal Revenue Code, and to make distributions of income and net realized capital gain sufficient to relieve it from all, or substantially all, Federal income taxes.

(e) Other: Organization expenses paid by the Series are included in prepaid expenses and are being amortized to operations from August 19, 1993, the date operations commenced, over the period during which it is expected that a benefit will be realized, not to exceed five years. At December 31, 1993, the unamortized balance of such expenses amounted to \$41,250. In the event that any of the Initial Shares are redeemed during the amortization period, the redemption proceeds will be reduced by any unamortized organization expenses in the same proportion as the number of such shares being redeemed bears to the number of such shares outstanding at the time of such redemption.

NOTE 2--Management Fee and Other Transactions With Affiliates:

(a) Pursuant to a management agreement ("Agreement") with the Manager, the management fee is computed at the annual rate of .55 of 1% of the average daily value of the Series' net assets and is payable monthly. The Agreement provides for an expense reimbursement from the Manager should the Series' aggregate expenses, exclusive of taxes, brokerage, interest on borrowings and extraordinary expenses, exceed the expense limitation of any state having jurisdiction over the Series for any full fiscal year. The most stringent state expense limitation applicable to the Series presently requires reimbursement of expenses in any full fiscal year that such expenses (exclusive of distribution expenses and certain expenses as described above) exceed 2 1/2% of the first \$30 million, 2% of the next \$70 million and 1 1/2% of the excess over \$100 million of the average value of the Series' net assets in accordance with California "blue sky" regulations. However, the Manager has undertaken from August 19, 1993 through July 1, 1994 or until such time as the net assets of the series exceed \$25 million, regardless of whether they remain at that level, to reimburse all fees and expenses of the Series (excluding 12b-1 distribution plan fee and certain expenses as described above). The expense reimbursement, pursuant to the undertaking, amounted to \$37,617 for the period ended December 31, 1993.

The undertaking may be modified by the Manager from time to time, provided that the resulting expense reimbursement would not be less than the amount required pursuant to the Agreement.

The Distributor retained \$2,282 during the period ended December 31, 1993 from commissions earned on sales of the Series' Class A shares.

(b) Under the Distribution Plan ("Class B Distribution Plan") adopted pursuant to Rule 12b-1 under the Act, the Series pays the Distributor at an annual rate of .50 of 1% of the value of the Series' Class B shares average daily net assets, for the costs and expenses in connection with advertising, marketing and distributing the Series' Class B shares. The Distributor may make payments to one or more Service Agents (a securities dealer, financial institution, or other industry professional) based on the value of the Series' Class B shares owned by clients of the Service Agent.

During the period ended December 31, 1993, \$1,663 was charged to the Series pursuant to the Class B Distribution Plan.

(c) Under the Shareholder Services Plan, the Series pays the Distributor, at an annual rate of .25 of 1% of the value of the average daily net assets of Class A and Class B shares for servicing shareholder accounts. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the Series and providing reports and other information, and services related to the maintenance of shareholder accounts. The Distributor may make payments to Service Agents in respect of these services. The Distributor determines the amounts to be paid to Service Agents. For the period ended December 31, 1993, \$653 and \$832 were charged to the Class A and Class B shares, respectively, pursuant to the Shareholder Services Plan.

(d) Certain officers and trustees of the Fund are "affiliated persons," as defined in the Act, of the Manager and/or the Distributor. Each trustee who is not an "affiliated person" receives from the Fund an annual fee of \$1,000 and an attendance fee of \$250 per meeting.

(e) On December 5, 1993, the Manager entered into an Agreement and Plan of Merger providing for the merger of the Manager with a subsidiary of Mellon Bank Corporation ("Mellon").

Following the merger, it is planned that the Manager will be a direct

subsidiary of Mellon Bank, N.A. Closing of this merger is subject to a number of contingencies, including the receipt of certain regulatory approvals and the approvals of the stockholders of the Manager and of Mellon. The merger is expected to occur in mid-1994, but could occur significantly later.

Because the merger will constitute an "assignment" of the Fund's Management Agreement with the Manager under the Investment Company Act of 1940, and thus a termination of such Agreement, the Manager will seek prior approval from the Fund's Board and shareholders.

NOTE 3--Securities Transactions:

The aggregate amount of purchases of investment securities, amounted to \$2,467,130, for the period ended December 31, 1993, and consisted entirely of municipal bonds and short-term municipal investments.

At December 31, 1993, accumulated net unrealized appreciation on investments was \$4,284 consisting of \$16,383 gross unrealized appreciation and \$12,099 gross unrealized depreciation.

At December 31, 1993, the cost of investments for Federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

PREMIER INSURED MUNICIPAL BOND FUND

PART C. OTHER INFORMATION

Item 24. Financial Statements and Exhibits. - List

(a) Financial Statements:

Included in Part A of the Registration Statement

Condensed Financial Information for the California Series for the period from August 19, 1993 (commencement of operations) to December 31, 1993 (unaudited).

Included in Part B of the Registration Statement:

Statement of Assets & Liabilities -- as of August 11, 1993.

Report of Ernst & Young, Independent Auditors, dated August 11, 1993.

Statement of Investments -- December 31, 1993 (unaudited).

Statement of Assets and Liabilities -- December 31, 1993 (unaudited).

Statement of Operations -- for the period from August 19, 1993 (commencement of operations) to December 31, 1993 (unaudited).

Statement of Changes in Net Assets -- for the period from August 19, 1993 (commencement of operations) to December 31, 1993 (unaudited).

Notes to Financial Statements (unaudited).

Schedules No. I through VII and other financial statement information, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission, are either omitted because they are not required under the related instructions, they are inapplicable, or the required information is presented in the financial statements or notes thereto which are included in Part B of the Registration Statement.

Item 24. Financial Statements and Exhibits. - List (continued)

(b) Exhibits:

- (1) (a) Amended and Restated Agreement and Declaration of Trust.
- (1) (b) Articles of Amendment to Amended and Restated Agreement and Declaration of Trust.
- (2) By-Laws.
- (5) Management Agreement.
- (6) (a) Distribution Agreement.
- (6) (b) Distribution Plan Agreement is incorporated by reference to Exhibit 6(b) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on July 16, 1993.
- (6) (c) Shareholder Services Plan Agreement is incorporated by reference to Exhibit 6(c) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on July 16, 1993.
- (8) (a) Custody Agreement.
- (8) (b) Sub-Custodian Agreements.
- (9) Shareholder Services Plan.
- (10) Opinion and consent of Stroock & Stroock & Lavan.
- (11) Consent of Independent Auditors.
- (15) Distribution Plan.
- (16) Schedules of Computation of Performance Data.

Other Exhibits

(a) Powers of Attorney of the Trustees and officers are incorporated by reference to the Registration Statement on Form N-1A, filed on April 27, 1993.

(b) Certificate of Secretary.

Item 25. Persons Controlled by or under Common Control with Registrant.

Not Applicable

Item 26. Number of Holders of Securities.

(1)	(2)
Title of Class	Number of Record Holders as of January 21, 1994
Shares of beneficial interest, \$.001 per share	
National Series	-
California Series	64
Connecticut Series	-
Florida Series	-
New Jersey Series	-
New York Series	-

Item 27. Indemnification

Reference is made to Article EIGHTH of the Registrant's Amended and Restated Agreement and Declaration of Trust to be filed as Exhibit 1(a) hereto. The application of these provisions is limited by Article 10 of the Registrant's By-Laws to be filed as Exhibit (2) hereto and by the following undertaking set forth in the rules promulgated by the Securities and Exchange Commission:

Item 27. Indemnification (continued)

Insofar as indemnification for liabilities 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 such 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 trustee, 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 such Act and will be governed by the final adjudication of such issue.

Reference also is made to the Distribution Agreement to be filed as Exhibit 6(a) hereto.

Item 28. Business and Other Connections of Investment Adviser.

The Dreyfus Corporation ("Dreyfus") and subsidiary companies comprise a financial service organization whose business consists primarily of providing investment management services as the investment adviser, manager and distributor for sponsored investment companies registered under the Investment Company Act of 1940 and as an investment adviser to institutional and individual accounts. Dreyfus also serves as sub-investment adviser to and/or administrator of other investment companies. Dreyfus Service Corporation, a wholly-owned subsidiary of Dreyfus, serves primarily as distributor of shares of investment companies sponsored by Dreyfus and of other investment companies for which Dreyfus acts as investment adviser, sub-investment adviser or administrator. Dreyfus Management, Inc., another wholly-owned subsidiary, provides investment management services to various pension plans, institutions and individuals.

Item 28. Business and Other Connections of Investment Adviser (continued)

Officers and Directors of Investment Adviser

Name and Position with Dreyfus	Other Businesses
<p>MANDELL L. BERMAN Director</p>	<p>Real estate consultant and private investor 29100 Northwestern Highway, Suite 370 Southfield, Michigan 48034; Director of Independence One Investment Services, Inc. Division of Michigan National Corp. 27777 Inkster Road Farmington Hills, Michigan 48018; Past Chairman of the Board of Trustees of Skillman Foundation</p>
<p>ALVIN E. FRIEDMAN Director</p>	<p>Senior Adviser to Dillon, Read & Co. Inc. 535 Madison Avenue New York, New York 10022; Director and member of the Executive Committee of Avnet, Inc. 767 Fifth Avenue New York, New York 10153</p>
<p>ABIGAIL Q. MCCARTHY Director</p>	<p>Author, lecturer, columnist and educational consultant 2126 Connecticut Avenue Washington, D.C. 20008</p>
<p>DAVID B. TRUMAN Director</p>	<p>Educational consultant; Past President of the Russell Sage Foundation 230 Park Avenue New York, New York 10017; Past President of Mount Holyoke College South Hadley, Massachusetts 01075; Former Director: Student Loan Marketing Association 1055 Thomas Jefferson Street, N.W. Washington, D.C. 20006; Former Trustee: College Retirement Equities Fund 730 Third Avenue New York, New York 10017</p>
<p>HOWARD STEIN Chairman of the Board and Chief Executive Officer</p>	<p>Chairman of the Board, President and Investment Officer: The Dreyfus Leverage Fund, Inc.++; Chairman of the Board and Investment Officer: The Dreyfus Fund Incorporated++; Dreyfus New Leaders Fund, Inc.++; The Dreyfus Third Century Fund, Inc.++; Chairman of the Board: Dreyfus Acquisition Corporation*; Dreyfus America Fund++++; The Dreyfus Consumer Credit Corporation*; Dreyfus Land Development Corporation*; Dreyfus-Lincoln, Inc.*; Dreyfus Management, Inc.*; Dreyfus Service Corporation*; The Dreyfus Trust Company (N.J.)++; Chairman of the Board and Chief Executive Officer: Major Trading Corporation*; President, Managing General Partner and Investment Officer: The Dreyfus Convertible Securities Fund, Inc.++; Dreyfus Strategic Growth, L.P.++; Managing General Partner: Dreyfus Investors GNMA Fund, L.P.++; Dreyfus 100% U.S. Treasury Intermediate Term Fund, L.P.++;</p>
<p>HOWARD STEIN (cont'd)</p>	

Dreyfus 100% U.S. Treasury Long Term Fund,
 L.P.++;
 Dreyfus 100% U.S. Treasury Money Market
 Fund, L.P.++;
 Dreyfus 100% U.S. Treasury Short Term
 Fund, L.P.++;
 Dreyfus Strategic World Investing, L.P.++;
 Director, President and Investment Officer:
 Dreyfus Appreciation Fund, Inc.++;
 Dreyfus Asset Allocation Fund, Inc.++;
 Dreyfus Capital Value Fund, Inc.++;
 Dreyfus Growth Opportunity Fund, Inc.++;
 Premier Growth Fund, Inc.++;
 Director and President:
 Dreyfus Life Insurance Company*;
 Director and Investment Officer:
 Dreyfus Growth and Income Fund, Inc.++;
 President:
 Dreyfus Consumer Life Insurance Company*;
 President and Investment Officer:
 Dreyfus Growth Allocation Fund, Inc.++;
 Director:
 Avnet, Inc.**;
 Comstock Partners Strategy Fund, Inc.***;
 Dreyfus A Bonds Plus, Inc.++;
 Dreyfus BASIC Money Market Fund, Inc.++;
 The Dreyfus Fund International
 Limited+++++;
 Dreyfus Global Investing, Inc.++;
 Dreyfus Insured Municipal Bond Fund,
 Inc.++;
 Dreyfus Liquid Assets, Inc.++;
 Dreyfus Money Market Instruments, Inc.++;
 Dreyfus Municipal Bond Fund, Inc.++;
 Dreyfus Municipal Money Market Fund,
 Inc.++;
 Dreyfus New Jersey Municipal Bond Fund,
 Inc.++;
 Dreyfus Partnership Management, Inc.*;
 Dreyfus Personal Management, Inc.**;
 Dreyfus Precious Metals, Inc.*;
 Dreyfus Realty Advisors, Inc.+++;
 Dreyfus Service Organization, Inc.*;
 Dreyfus Strategic Governments Income,
 Inc.++;
 The Dreyfus Trust Company++;
 General Government Securities Money Market
 Fund, Inc.++;
 General Money Market Fund, Inc.++;
 General Municipal Money Market Fund,
 Inc.++;
 FN Network Tax Free Money Market Fund,
 Inc.++;
 Seven Six Seven Agency, Inc.*;
 World Balanced Fund++++;
 Trustee and Investment Officer:
 Dreyfus Short-Intermediate Government
 Fund++;
 Dreyfus Strategic Investing++;
 Dreyfus Variable Investment Fund++;
 Trustee:
 Corporate Property Investors
 New York, New York;
 Dreyfus BASIC U.S. Government Money Market
 Fund++;
 Dreyfus California Tax Exempt Money Market
 Fund++;
 Dreyfus Institutional Money Market Fund++;
 Dreyfus Institutional Short Term Treasury
 Fund++;
 Dreyfus Strategic Income++

HOWARD STEIN
 (cont'd)

JULIAN M. SMERLING
 Vice Chairman of the
 Board of Directors

Director and Executive Vice President:
 Dreyfus Service Corporation*;
 Director and Vice President:
 Dreyfus Consumer Life Insurance Company*;
 Dreyfus Land Development Corporation*;
 Dreyfus Life Insurance Company*;
 Dreyfus Service Organization, Inc.*;
 Vice Chairman and Director:

The Dreyfus Trust Company++;
The Dreyfus Trust Company (N.J.)++;
Director:
The Dreyfus Consumer Credit Corporation*;
Dreyfus Partnership Management, Inc.*;
Seven Six Seven Agency, Inc.*

JOSEPH S. DiMARTINO
President, Chief Operating
Officer and Director

Director and Chairman of the Board:
The Dreyfus Trust Company++;
Director, President and Investment Officer:
Dreyfus Cash Management Plus, Inc.++;
Dreyfus Liquid Assets, Inc.++;
Dreyfus Money Market Instruments, Inc.++;
Dreyfus Worldwide Dollar Money Market
Fund, Inc.++;
General Government Securities Money Market
Fund, Inc.++;
General Money Market Fund, Inc.++;
Director and President:
Dreyfus Acquisition Corporation*;
The Dreyfus Consumer Credit Corporation*;
Dreyfus Edison Electric Index Fund,
Inc.++;
Dreyfus Life and Annuity Index Fund,
Inc.++;
Dreyfus-Lincoln, Inc.*;
Dreyfus Partnership Management, Inc.*;
The Dreyfus Trust Company (N.J.)++;
Dreyfus-Wilshire Target Funds, Inc.++;
First Prairie Tax Exempt Bond Fund,
Inc.++;
Peoples Index Fund, Inc.++;
Peoples S&P MidCap Index Fund, Inc.++;
Trustee, President and Investment Officer:
Dreyfus Cash Management++;
Dreyfus Government Cash Management++;
Dreyfus Institutional Money Market Fund++;
Dreyfus Short-Intermediate Government
Fund++;
Dreyfus Treasury Cash Management++;
Dreyfus Treasury Prime Cash Management++;
Dreyfus Variable Investment Fund++;
Premier GNMA Fund++;
Trustee and President:
First Prairie Cash Management++;
First Prairie Diversified Asset Fund++;
First Prairie Money Market Fund++;
First Prairie Tax Exempt Money Market
Fund++;
First Prairie U.S. Government Income
Fund++;
First Prairie U.S. Treasury Securities
Cash Management++;
Trustee, Vice President and Investment Officer:
Dreyfus Institutional Short Term
Treasury Fund++;
Director and Executive Vice President:
Dreyfus Service Corporation*;
Director, Vice President and Investment
Officer:
Dreyfus Balanced Fund, Inc.++;
Dreyfus International Equity Fund, Inc.++;
Director and Vice President:
Dreyfus Life Insurance Company*;
Dreyfus Service Organization, Inc.*;
General Municipal Bond Fund, Inc.++;
General Municipal Money Market Fund,
Inc.++;
Director and Investment Officer:
Dreyfus A Bonds Plus, Inc.++;
Dreyfus Appreciation Fund, Inc.++;
The Dreyfus Convertible Securities Fund,
Inc.++;
Dreyfus Short-Term Income Fund, Inc.++;
Premier Growth Fund, Inc.++;
Director and Corporate Member:
Muscular Dystrophy Association
810 Seventh Avenue
New York, New York 10019;

JOSEPH S. DiMARTINO
(cont'd)

Director:
Dreyfus Management, Inc.**;
Noel Group, Inc.
667 Madison Avenue
New York, New York 10021;

Trustee:
Bucknell University
Lewisburg, Pennsylvania 17837;

President and Investment Officer:
Dreyfus BASIC Money Market Fund, Inc.++;
Dreyfus BASIC U.S. Government Money Market
Fund++;

Vice President:
Dreyfus Consumer Life Insurance Company*;

Investment Officer:
The Dreyfus Fund Incorporated++;
Dreyfus Investors GNMA Fund, L.P.++;
Dreyfus 100% U.S. Treasury Intermediate
Term Fund, L.P.++;
Dreyfus 100% U.S. Treasury Long Term Fund,
L.P.++;
Dreyfus 100% U.S. Treasury Money Market
Fund, L.P.++;
Dreyfus 100% U.S. Treasury Short Term
Fund, L.P.++;
McDonald Money Market Fund, Inc.++;
McDonald U.S. Government Money Market
Fund, Inc.++;

President, Chief Executive Officer and
Director:
Dreyfus Personal Management, Inc.*;

President, Chief Operating Officer and
Director:
Major Trading Corporation*

LAWRENCE M. GREENE
Legal Consultant and
Director

Chairman of the Board:
The Dreyfus Consumer Bank+;

Director and President:
Dreyfus Land Development Corporation*;

Director and Executive Vice President:
Dreyfus Service Corporation*;

Director and Vice President:
Dreyfus Acquisition Corporation*;
Dreyfus Consumer Life Insurance Company*;
Dreyfus Life Insurance Company*;
Dreyfus Service Organization, Inc.*;

Director:
Dreyfus America Fund++++;
Dreyfus BASIC Municipal Money Market Fund,
Inc.++;
Dreyfus California Tax Exempt Bond Fund,
Inc.++;
Dreyfus Capital Value Fund, Inc.++;
Dreyfus Connecticut Municipal Money Market
Fund, Inc.++;
Dreyfus GNMA Fund, Inc.++;
Dreyfus Intermediate Municipal Bond Fund,
Inc.++;
Dreyfus Management, Inc.**;
Dreyfus Michigan Municipal Money Market
Fund, Inc.++;
Dreyfus New Jersey Municipal Money Market
Fund, Inc.++;
Dreyfus New Leaders Fund, Inc.++;
Dreyfus New York Tax Exempt Bond Fund,
Inc.++;
Dreyfus Ohio Municipal Money Market Fund,
Inc.++;
Dreyfus Precious Metals, Inc.*;
Dreyfus Thrift & Commerce+++;
The Dreyfus Trust Company (N.J.)++;
Seven Six Seven Agency, Inc.*;

Vice President:
The Dreyfus Convertible Securities Fund,
Inc.++;
Dreyfus Growth Opportunity Fund, Inc.++;
Dreyfus-Lincoln, Inc.*;

Trustee:
Dreyfus Massachusetts Municipal Money
Market Fund++;

Dreyfus Massachusetts Tax Exempt Bond
Fund++;
Dreyfus New York Tax Exempt Intermediate
Bond Fund++;
Dreyfus New York Tax Exempt Money Market
Fund++;
Dreyfus Pennsylvania Municipal Money
Market Fund++;
Investment Officer:
The Dreyfus Fund Incorporated++

ROBERT F. DUBUSS
Vice President

Director and Treasurer:
Major Trading Corporation*;
Director and Vice President:
The Dreyfus Consumer Credit Corporation*;
Dreyfus Life Insurance Company*;
The Truepenny Corporation*;
Vice President:
Dreyfus Consumer Life Insurance Company*;
Treasurer:
Dreyfus Management, Inc.**;
Dreyfus Personal Management, Inc.**;
Dreyfus Precious Metals, Inc.*;
Dreyfus Service Corporation*;
Assistant Treasurer:
The Dreyfus Fund Incorporated++;
Controllor:
Dreyfus Land Development Corporation*;
Director:
The Dreyfus Trust Company++;
The Dreyfus Trust Company (N.J.)++;
Dreyfus Thrift & Commerce****

ALAN M. EISNER
Vice President and Chief
Financial Officer
Officer:

Director and President:
The Truepenny Corporation*;
Director, Vice President and Chief Financial
Officer:
Dreyfus Life Insurance Company*;
Vice President and Chief Financial Officer:
Dreyfus Acquisition Corporation*;
Dreyfus Consumer Life Insurance Company*;
Treasurer:
Dreyfus Realty Advisors, Inc.+++;
Treasurer, Financial Officer and Director:
The Dreyfus Trust Company++;
The Dreyfus Trust Company (N.J.)++;
Director:
Dreyfus Thrift & Commerce****;
Vice President and Director:
The Dreyfus Consumer Credit Corporation*

DAVID W. BURKE
Vice President and Chief
Administrative Officer

Vice President and Director:
The Dreyfus Trust Company++;
Formerly, President:
CBS News, a division of CBS, Inc.
524 West 57th Street
New York, New York 10019

ELIE M. GENADRY
Vice President -
Institutional Sales

President:
Institutional Services Division of Dreyfus
Service Corporation*;
Executive Vice President:
Dreyfus Service Corporation*;
Senior Vice President:
Dreyfus Cash Management++;
Dreyfus Cash Management Plus, Inc.++;
Dreyfus Edison Electric Index Fund,
Inc.++;
Dreyfus Government Cash Management++;
Dreyfus Institutional Short Term
Treasury Fund++;
Dreyfus Life and Annuity Index Fund,
Inc.++;
Dreyfus Municipal Cash Management Plus++;
Dreyfus New York Municipal Cash
Management++;
Dreyfus Tax Exempt Cash Management++;
Dreyfus Treasury Cash Management++;
Dreyfus Treasury Prime Cash Management++;
Dreyfus-Wilshire Target Funds, Inc.++;

ELIE M. GENADRY
(cont'd)

Peoples Index Fund, Inc.++;
Peoples S&P MidCap Index Fund, Inc.++;
Vice President:
The Dreyfus Trust Company++;
Premier California Insured Municipal
Bond Fund++;
Premier California Municipal Bond Fund++;
Premier Municipal Bond Fund++;
Premier New York Municipal Bond Fund++;
Vice President-Sales:
The Dreyfus Trust Company (N.J.)++;
Treasurer:
Pacific American Fund++++

DANIEL C. MACLEAN
Vice President and General
Counsel

Director, Vice President and Secretary:
Dreyfus Precious Metals, Inc.*;
Director and Vice President:
The Dreyfus Consumer Credit Corporation*;
Dreyfus Personal Management, Inc.**;
The Dreyfus Trust Company (N.J.)++;
Director and Secretary:
Dreyfus Partnership Management, Inc.*;
Major Trading Corporation*;
McDonald Money Market Fund, Inc.++;
McDonald Tax Exempt Money Market Fund,
Inc.++;
McDonald U.S. Government Money Market
Fund, Inc.++;
The Truepenny Corporation+;
Director:
Dreyfus America Fund++++;
Dreyfus Consumer Life Insurance Company*;
Dreyfus Life Insurance Company*;
The Dreyfus Trust Company++;

Vice President:
Dreyfus Appreciation Fund, Inc.++;
Dreyfus BASIC Municipal Money Market Fund,
Inc.++;
Dreyfus California Tax Exempt Bond Fund,
Inc.++;
Dreyfus California Tax Exempt Money Market
Fund++;
Dreyfus Capital Value Fund, Inc.++;
Dreyfus Cash Management++;
Dreyfus Cash Management Plus, Inc.++;
Dreyfus Connecticut Municipal Money Market
Fund, Inc.++;
Dreyfus Edison Electric Index Fund,
Inc.++;
Dreyfus Florida Intermediate Municipal
Bond Fund++;
Dreyfus GNMA Fund, Inc.++;
Dreyfus Government Cash Management++;
Dreyfus Growth and Income Fund, Inc.++;
Dreyfus Growth Opportunity Fund, Inc.++;
Dreyfus Institutional Short Term
Treasury Fund++;
Dreyfus Insured Municipal Bond Fund,
Inc.++;
Dreyfus Intermediate Municipal Bond Fund,
Inc.++;
Dreyfus Investors GNMA Fund, L.P.++;
Dreyfus Life and Annuity Index Fund,
Inc.++;
Dreyfus Massachusetts Municipal Money
Market Fund++;
Dreyfus Massachusetts Tax Exempt Bond
Fund++;
Dreyfus Michigan Municipal Money Market
Fund, Inc.++;
Dreyfus Municipal Cash Management Plus++;
Dreyfus New Jersey Municipal Money Market
Fund, Inc.++;
Dreyfus New Leaders Fund, Inc.++;
Dreyfus New York Insured Tax Exempt Bond
Fund++;
Dreyfus New York Municipal Cash
Management++;
Dreyfus New York Tax Exempt Bond Fund,
Inc.++;

DANIEL C. MACLEAN
(cont'd)

Dreyfus New York Tax Exempt Intermediate
Bond Fund++;
Dreyfus New York Tax Exempt Money Market
Fund++;
Dreyfus Ohio Municipal Money Market Fund,
Inc.++;
Dreyfus Pennsylvania Municipal Money
Market Fund++;
Dreyfus Short-Intermediate Government
Fund++;
Dreyfus Short-Intermediate Municipal Bond
Fund++;
Dreyfus Tax Exempt Cash Management++;
The Dreyfus Third Century Fund, Inc.++;
Dreyfus Treasury Cash Management++;
Dreyfus Treasury Prime Cash Management++;
Dreyfus-Wilshire Target Funds, Inc.++;
First Prairie Cash Management++;
First Prairie Diversified Asset Fund++;
First Prairie Money Market Fund++;
First Prairie Tax Exempt Bond Fund,
Inc.++;
First Prairie Tax Exempt Money Market
Fund++;
First Prairie U.S. Government Income
Fund++;
First Prairie U.S. Treasury Securities
Cash Management++;
FN Network Tax Free Money Market Fund,
Inc.++;
General California Municipal Money Market
Fund++;
General Government Securities Money Market
Fund, Inc.++;
General Money Market Fund, Inc.++;
General Municipal Bond Fund, Inc.++;
General Municipal Money Market Fund,
Inc.++;
General New York Municipal Bond Fund,
Inc.++;
General New York Municipal Money Market
Fund++;
Peoples Index Fund, Inc.++;
Peoples S&P MidCap Index Fund, Inc.++;
Premier California Insured Municipal
Bond Fund++;
Premier California Municipal Bond Fund++;
Premier GNMA Fund++;
Premier Growth Fund, Inc.++;
Premier Municipal Bond Fund++;
Premier New York Municipal Bond Fund++;
Premier State Municipal Bond Fund++;

Secretary:

Dreyfus A Bonds Plus, Inc.++;
Dreyfus Acquisition Corporation*;
Dreyfus Asset Allocation Fund, Inc.++;
Dreyfus Balanced Fund, Inc.++;
Dreyfus BASIC Money Market Fund, Inc.++;
Dreyfus BASIC U.S. Government Money Market
Fund++;
Dreyfus California Intermediate Municipal
Bond Fund++;
Dreyfus California Municipal Income,
Inc.++;
Dreyfus Connecticut Intermediate Municipal
Bond Fund++;
The Dreyfus Convertible Securities Fund,
Inc.++;
The Dreyfus Fund Incorporated++;
Dreyfus Global Investing, Inc.++;
Dreyfus Growth Allocation Fund,
Inc.++;
Dreyfus Institutional Money Market Fund++;
Dreyfus International Equity Fund, Inc.++;
Dreyfus Land Development Corporation+;
The Dreyfus Leverage Fund, Inc.++;
Dreyfus Liquid Assets, Inc.++;
Dreyfus Massachusetts Intermediate
Municipal Bond Fund++;
Dreyfus Money Market Instruments, Inc.++;

DANIEL C. MACLEAN
(cont'd)

DANIEL C. MACLEAN
(cont'd)

Dreyfus Municipal Bond Fund, Inc.++;
 Dreyfus Municipal Income, Inc.++;
 Dreyfus Municipal Money Market Fund,
 Inc.++;
 Dreyfus New Jersey Intermediate Municipal
 Bond Fund++;
 Dreyfus New Jersey Municipal Bond Fund,
 Inc.++;
 Dreyfus New York Municipal Income, Inc.++;
 Dreyfus 100% U.S. Treasury Intermediate
 Term Fund, L.P.++;
 Dreyfus 100% U.S. Treasury Long Term Fund,
 L.P.++;
 Dreyfus 100% U.S. Treasury Money Market
 Fund L.P.++;
 Dreyfus 100% U.S. Treasury Short Term
 Fund, L.P.++;
 Dreyfus Service Corporation*;
 Dreyfus Service Organization, Inc.*;
 Dreyfus Short-Term Income Fund, Inc.++;
 Dreyfus Strategic Governments Income,
 Inc.++;
 Dreyfus Strategic Growth, L.P.++;
 Dreyfus Strategic Income++;
 Dreyfus Strategic Investing++;
 Dreyfus Strategic Municipal Bond Fund,
 Inc.++;
 Dreyfus Strategic Municipals, Inc.++;
 Dreyfus Strategic World Investing, L.P.++;
 Dreyfus Variable Investment Fund++;
 Dreyfus Worldwide Dollar Money Market
 Fund, Inc.++;
 General California Municipal Bond Fund,
 Inc.++;
 Seven Six Seven Agency, Inc.*;
 Director and Assistant Secretary:
 The Dreyfus Fund International
 Limited+++++

JEFFREY N. NACHMAN
 Vice President - Mutual
 Fund Accounting

Vice President-Financial:
 Dreyfus A Bonds Plus, Inc.++;
 Dreyfus Appreciation Fund, Inc.++;
 Dreyfus California Municipal Income,
 Inc.++;
 Dreyfus California Tax Exempt Bond Fund,
 Inc.++;
 Dreyfus California Tax Exempt Money Market
 Fund++;
 Dreyfus Capital Value Fund, Inc.++;
 Dreyfus Cash Management++;
 Dreyfus Cash Management Plus, Inc.++;
 Dreyfus Connecticut Municipal Money Market
 Fund, Inc.++;
 The Dreyfus Convertible Securities Fund,
 Inc.++;
 The Dreyfus Fund Incorporated++;
 Dreyfus GNMA Fund, Inc.++;
 Dreyfus Government Cash Management++;
 Dreyfus Growth Opportunity Fund, Inc.++;
 Dreyfus Institutional Money Market Fund++;
 Dreyfus Insured Municipal Bond Fund,
 Inc.++;
 Dreyfus Intermediate Municipal Bond Fund,
 Inc.++;
 Dreyfus Investors GNMA Fund, L.P.++;
 The Dreyfus Leverage Fund, Inc.++;
 Dreyfus Life and Annuity Index Fund,
 Inc.++;
 Dreyfus Liquid Assets, Inc.++;
 Dreyfus Massachusetts Municipal Money
 Market Fund++;
 Dreyfus Massachusetts Tax Exempt Bond
 Fund++;
 Dreyfus Michigan Municipal Money Market
 Fund, Inc.++;
 Dreyfus Money Market Instruments, Inc.++;
 Dreyfus Municipal Bond Fund, Inc.++;
 Dreyfus Municipal Cash Management Plus++;
 Dreyfus Municipal Income, Inc.++;
 Dreyfus Municipal Money Market Fund,

JEFFREY N. NACHMAN
 (cont'd)

Inc.++;
Dreyfus New Jersey Municipal Bond Fund,
Inc.++;
Dreyfus New Jersey Municipal Money Market
Fund, Inc.++;
Dreyfus New Leaders Fund, Inc.++;
Dreyfus New York Insured Tax Exempt Bond
Fund++;
Dreyfus New York Municipal Cash
Management++;
Dreyfus New York Municipal Income, Inc.++;
Dreyfus New York Tax Exempt Bond Fund,
Inc.++;
Dreyfus New York Tax Exempt Intermediate
Bond Fund++;
Dreyfus New York Tax Exempt Money Market
Fund++;
Dreyfus Ohio Municipal Money Market Fund,
Inc.++;
Dreyfus 100% U.S. Treasury Intermediate
Term Fund, L.P.++;
Dreyfus 100% U.S. Treasury Long Term Fund,
L.P.++;
Dreyfus 100% U.S. Treasury Money Market
Fund, L.P.++;
Dreyfus 100% U.S. Treasury Short Term
Fund, L.P.++;
Dreyfus Pennsylvania Municipal Money
Market Fund++;
Dreyfus Short-Intermediate Government
Fund++;
Dreyfus Short-Intermediate Municipal Bond
Fund++;
Dreyfus Strategic Governments Income,
Inc.++;
Dreyfus Strategic Growth, L.P.++;
Dreyfus Strategic Income++;
Dreyfus Strategic Investing++;
Dreyfus Strategic Municipal Bond Fund,
Inc.++;
Dreyfus Strategic Municipals, Inc.++;
Dreyfus Strategic World Investing, L.P.++;
Dreyfus Tax Exempt Cash Management++;
The Dreyfus Third Century Fund, Inc.++;
Dreyfus Treasury Cash Management++;
Dreyfus Treasury Prime Cash Management++;
Dreyfus Variable Investment Fund++;
Dreyfus Worldwide Dollar Money Market
Fund, Inc.++;
First Prairie Diversified Asset Fund++;
First Prairie Money Market Fund++;
First Prairie Tax Exempt Bond Fund,
Inc.++;
First Prairie Tax Exempt Money Market
Fund++;
FN Network Tax Free Money Market Fund,
Inc.++;
General California Municipal Bond Fund
Inc.++;
General California Municipal Money Market
Fund++;
General Government Securities Money Market
Fund, Inc.++;
General Money Market Fund, Inc.++;
General Municipal Bond Fund, Inc.++;
General Municipal Money Market Fund,
Inc.++;
General New York Municipal Bond Fund,
Inc.++;
General New York Municipal Money Market
Fund++;
McDonald Money Market Fund, Inc.++;
McDonald Tax Exempt Money Market Fund,
Inc.++;
McDonald U.S. Government Money Market
Fund, Inc.++;
Peoples Index Fund, Inc.++;
Premier California Municipal Bond Fund++;
Premier GNMA Fund++;
Premier Municipal Bond Fund++;

JEFFREY N. NACHMAN
(cont'd)

JEFFREY N. NACHMAN
(cont'd)

Premier New York Municipal Bond Fund++;
Premier State Municipal Bond Fund++;
Vice President and Treasurer:
Dreyfus Asset Allocation Fund, Inc.++;
Dreyfus Balanced Fund, Inc.++;
Dreyfus BASIC Money Market Fund, Inc.++;
Dreyfus BASIC Municipal Money Market Fund,
Inc.++;
Dreyfus BASIC U.S. Government Money Market
Fund++;
Dreyfus California Intermediate Municipal
Bond Fund++;
Dreyfus Connecticut Intermediate Municipal
Bond Fund++;
Dreyfus Edison Electric Index Fund,
Inc.++;
Dreyfus Florida Intermediate Municipal
Bond Fund++;
Dreyfus Global Investing, Inc.++;
Dreyfus Growth Allocation Fund,
Inc.++;
Dreyfus Growth and Income Fund, Inc.++;
Dreyfus Institutional Short Term
Treasury Fund++;
Dreyfus Massachusetts Intermediate
Municipal Bond Fund++;
Dreyfus New Jersey Intermediate Municipal
Bond Fund++;
Dreyfus Short-Term Income Fund, Inc.++;
Dreyfus-Wilshire Target Funds, Inc.++;
First Prairie Cash Management++;
First Prairie U.S. Government Income
Fund++;
First Prairie U.S. Treasury Securities
Cash Management++;
Peoples S&P MidCap Index Fund, Inc.++;
Premier Growth Fund, Inc.++;
Premier California Insured Municipal
Bond Fund++;
Assistant Treasurer:
Pacific American Fund++++

PETER A. SANTORIELLO
Vice President

Director, President and Investment
Officer:
Dreyfus Balanced Fund, Inc.++;
Director and President:
Dreyfus Management, Inc.**;
Vice President:
Dreyfus Personal Management, Inc.*

ROBERT H. SCHMIDT
Vice President

President and Director:
Dreyfus Service Corporation*;
Seven Six Seven Agency, Inc.*;
Formerly, Chairman and Chief Executive
Officer:
Levine, Huntley, Schmidt & Beaver
250 Park Avenue
New York, New York 10017

KIRK V. STUMPP
Vice President -
New Product Development

Senior Vice President and
Director of Marketing:
Dreyfus Service Corporation*

PHILIP L. TOIA
Vice President and
Director of Fixed-
Income Research

Chairman of the Board and Vice President:
Dreyfus Thrift & Commerce****;
The Dreyfus Consumer Bank;
Senior Loan Officer and Director:
The Dreyfus Trust Company++;
Vice President:
The Dreyfus Consumer Credit Corporation*;
Formerly, Senior Vice President:
The Chase Manhattan Bank, N.A. and
The Chase Manhattan Capital Markets
Corporation
One Chase Manhattan Plaza
New York, New York 10081

KATHERINE C. WICKHAM
Assistant Vice President -
Human Resources

Vice President:
Dreyfus Consumer Life Insurance
Company++;

Formerly, Assistant Commissioner:
Department of Parks and Recreation of the
City of New York
830 Fifth Avenue
New York, New York 10022

JOHN J. PYBURN
Assistant Vice President

Vice President and Treasurer:
McDonald Money Market Fund, Inc.++;
McDonald Tax Exempt Money Market Fund,
Inc.++;
McDonald U.S. Government Money Market
Fund, Inc.++;

Treasurer and Assistant Secretary:
The Dreyfus Fund International
Limited+++++;

Treasurer:
Dreyfus A Bonds Plus, Inc.++;
Dreyfus Appreciation Fund, Inc.++;
Dreyfus California Municipal Income,
Inc.++;
Dreyfus California Tax Exempt Bond Fund,
Inc.++;
Dreyfus California Tax Exempt Money Market
Fund++;
Dreyfus Capital Value Fund, Inc.++;
Dreyfus Cash Management++;
Dreyfus Cash Management Plus, Inc.++;
Dreyfus Connecticut Municipal Money Market
Fund, Inc.++;
The Dreyfus Convertible Securities Fund,
Inc.++;
The Dreyfus Fund Incorporated++;
Dreyfus GNMA Fund, Inc.++;
Dreyfus Government Cash Management++;
Dreyfus Growth Opportunity Fund, Inc.++;
Dreyfus Institutional Money Market Fund++;
Dreyfus Insured Municipal Bond Fund,
Inc.++;
Dreyfus Intermediate Municipal Bond Fund,
Inc.++;
Dreyfus Investors GNMA Fund, L.P.++;
The Dreyfus Leverage Fund, Inc.++;
Dreyfus Life and Annuity Index Fund,
Inc.++;
Dreyfus Liquid Assets, Inc.++;
Dreyfus Massachusetts Municipal Money
Market Fund++;
Dreyfus Massachusetts Tax Exempt Bond
Fund++;
Dreyfus Michigan Municipal Money Market
Fund, Inc.++;
Dreyfus Money Market Instruments, Inc.++;
Dreyfus Municipal Bond Fund, Inc.++;
Dreyfus Municipal Cash Management Plus++;
Dreyfus Municipal Income, Inc.++;
Dreyfus Municipal Money Market Fund,
Inc.++;
Dreyfus New Jersey Municipal Bond Fund,
Inc.++;
Dreyfus New Jersey Municipal Money Market
Fund, Inc.++;
Dreyfus New Leaders Fund, Inc.++;
Dreyfus New York Insured Tax Exempt Bond
Fund++;
Dreyfus New York Municipal Cash
Management++;
Dreyfus New York Municipal Income, Inc.++;
Dreyfus New York Tax Exempt Bond Fund,
Inc.++;
Dreyfus New York Tax Exempt Intermediate
Bond Fund++;
Dreyfus New York Tax Exempt Money Market
Fund++;
Dreyfus Ohio Municipal Money Market Fund,
Inc.++;
Dreyfus 100% U.S. Treasury Intermediate
Term Fund, L.P.++;
Dreyfus 100% U.S. Treasury Long Term Fund,
L.P.++;
Dreyfus 100% U.S. Treasury Money Market

JOHN J. PYBURN
(cont'd)

JOHN J. PYBURN

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Fund, L.P.++;
Dreyfus 100% U.S. Treasury Short Term
Fund, L.P.++;
Dreyfus Pennsylvania Municipal Money
Market Fund++;
Dreyfus Short-Intermediate Government
Fund++;
Dreyfus Short-Intermediate Municipal Bond
Fund++;
Dreyfus Strategic Governments Income,
Inc.++;
Dreyfus Strategic Growth, L.P.++;
Dreyfus Strategic Income++;
Dreyfus Strategic Investing++;
Dreyfus Strategic Municipal Bond Fund,
Inc.++;
Dreyfus Strategic Municipals, Inc.++;
Dreyfus Strategic World Investing, L.P.++;
Dreyfus Tax Exempt Cash Management++;
The Dreyfus Third Century Fund, Inc.++;
Dreyfus Treasury Cash Management++;
Dreyfus Treasury Prime Cash Management++;
Dreyfus Variable Investment Fund++;
Dreyfus Worldwide Dollar Money Market
Fund, Inc.++;
First Prairie Diversified Asset Fund++;
First Prairie Money Market Fund++;
First Prairie Tax Exempt Bond Fund,
Inc.++;
First Prairie Tax Exempt Money Market
Fund++;
FN Network Tax Free Money Market Fund,
Inc.++;
General California Municipal Bond Fund,
Inc.++;
General California Municipal Money Market
Fund++;
General Government Securities Money Market
Fund, Inc.++;
General Money Market Fund, Inc.++;
General Municipal Bond Fund, Inc.++;
General Municipal Money Market Fund,
Inc.++;
General New York Municipal Bond Fund,
Inc.++;
General New York Municipal Money Market
Fund++;
Peoples Index Fund, Inc.++;
Premier California Municipal Bond Fund++;
Premier GNMA Fund++;
Premier Municipal Bond Fund++;
Premier New York Municipal Bond Fund++;
Premier State Municipal Bond Fund++

MAURICE BENDRIHEM
Controller

Formerly, Vice President-Financial Planning,
Administration and Tax:

Showtime/The Movie Channel, Inc.
1633 Broadway
New York, New York 10019;

Treasurer:

Dreyfus Acquisition Corporation*;
Dreyfus Consumer Life Insurance Company*;
Dreyfus Land Development Corporation*;
Dreyfus Life Insurance Company*;
Dreyfus-Lincoln, Inc.*;
Dreyfus Partnership Management, Inc.*;
Dreyfus Service Organization, Inc.*;
Seven Six Seven Agency, Inc.*;
The Truepenny Corporation*;

Controller:

The Dreyfus Trust Company++;
The Dreyfus Trust Company (N.J.)++;
The Dreyfus Consumer Credit Corporation*;

Assistant Treasurer:

Dreyfus Precious Metals*

MARK N. JACOBS
Secretary and Deputy

Vice President:
Dreyfus A Bonds Plus, Inc.++;

MARK N. JACOBS
(cont'd)

Dreyfus Asset Allocation Fund, Inc.++;
Dreyfus Balanced Fund, Inc.++;
Dreyfus BASIC Money Market Fund, Inc.++;
Dreyfus BASIC U.S. Government Money Market
Fund++;
Dreyfus California Intermediate Municipal
Bond Fund++;
Dreyfus Connecticut Intermediate Municipal
Bond Fund++;
The Dreyfus Convertible Securities Fund,
Inc. ++;
Dreyfus Edison Electric Index Fund,
Inc.++;
The Dreyfus Fund Incorporated++;
Dreyfus Global Investing, Inc.++;
Dreyfus Growth Allocation Fund,
Inc.++;
Dreyfus Institutional Money Market Fund++;
Dreyfus International Equity Fund, Inc.++;
The Dreyfus Leverage Fund, Inc.++;
Dreyfus Life and Annuity Index Fund,
Inc.++;
Dreyfus Liquid Assets, Inc.++;
Dreyfus Massachusetts Intermediate
Municipal Bond Fund++;
Dreyfus Money Market Instruments, Inc.++;
Dreyfus Municipal Bond Fund, Inc.++;
Dreyfus Municipal Money Market Fund,
Inc.++;
Dreyfus New Jersey Intermediate Municipal
Bond Fund++;
Dreyfus New Jersey Municipal Bond Fund,
Inc.++;
Dreyfus 100% U.S. Treasury Intermediate
Term Fund, L.P.++;
Dreyfus 100% U.S. Treasury Long Term Fund,
L.P.++;
Dreyfus 100% U.S. Treasury Money Market
Fund, L.P.++;
Dreyfus 100% U.S. Treasury Short Term
Fund, L.P.++;
Dreyfus Short-Term Income Fund, Inc.++;
Dreyfus Strategic Growth, L.P.++;
Dreyfus Strategic Income++;
Dreyfus Strategic Investing++;
Dreyfus Strategic Municipal Bond Fund,
Inc.++;
Dreyfus Strategic Municipals, Inc.++;
Dreyfus Strategic World Investing, L.P.++;
Dreyfus Variable Investment Fund++;
Dreyfus-Wilshire Target Funds, Inc.++;
Dreyfus Worldwide Dollar Money Market
Fund, Inc.++;
General California Municipal Bond Fund,
Inc.++;
Peoples Index Fund, Inc.++;
Peoples S&P MidCap Index Fund, Inc.++;
Director:
World Balanced Fund++++;
Director and Secretary:
Dreyfus Life Insurance Company*;
Secretary:
Dreyfus Appreciation Fund, Inc.++;
Dreyfus BASIC Municipal Money Market Fund,
Inc.++;
Dreyfus California Tax Exempt Bond Fund,
Inc.++;
Dreyfus California Tax Exempt Money Market
Fund++;
Dreyfus Capital Value Fund, Inc.++;
Dreyfus Cash Management++;
Dreyfus Cash Management Plus, Inc.++;
Dreyfus Connecticut Municipal Money Market
Fund, Inc.++;
The Dreyfus Consumer Credit Corporation*;
Dreyfus Consumer Life Insurance Company*;
Dreyfus Florida Intermediate Municipal
Bond Fund++;
Dreyfus GNMA Fund, Inc.++;
Dreyfus Government Cash Management++;

MARK N. JACOBS
(cont'd)

Dreyfus Growth and Income Fund, Inc.++;
Dreyfus Growth Opportunity Fund, Inc.++;
Dreyfus Institutional Short Term
Treasury Fund++;
Dreyfus Insured Municipal Bond Fund,
Inc.++;
Dreyfus Intermediate Municipal Bond Fund,
Inc.++;
Dreyfus Investors GNMA Fund, L.P.++;
Dreyfus Management, Inc.**;
Dreyfus Massachusetts Municipal Money
Market Fund++;
Dreyfus Massachusetts Tax Exempt Bond
Fund++;
Dreyfus Michigan Municipal Money Market
Fund, Inc.++;
Dreyfus Municipal Cash Management Plus++;
Dreyfus New Jersey Municipal Money Market
Fund, Inc.++;
Dreyfus New Leaders Fund, Inc.++;
Dreyfus New York Insured Tax Exempt Bond
Fund++;
Dreyfus New York Municipal Cash
Management++;
Dreyfus New York Tax Exempt Bond Fund,
Inc.++;
Dreyfus New York Tax Exempt Intermediate
Bond Fund++;
Dreyfus New York Tax Exempt Money Market
Fund++;
Dreyfus Ohio Municipal Money Market Fund,
Inc.++;
Dreyfus Pennsylvania Municipal Money
Market Fund++;
Dreyfus Personal Management, Inc.**;
Dreyfus Short-Intermediate Government
Fund++;
Dreyfus Short-Intermediate Municipal Bond
Fund++;
Dreyfus Tax Exempt Cash Management++;
The Dreyfus Third Century Fund, Inc.++;
Dreyfus Treasury Cash Management++;
Dreyfus Treasury Prime Cash Management++;
First Prairie Cash Management++;
First Prairie Diversified Asset Fund++;
First Prairie Money Market Fund++;
First Prairie Tax Exempt Bond Fund,
Inc.++;
First Prairie Tax Exempt Money Market
Fund++;
First Prairie U.S. Government Income
Fund++;
First Prairie U.S. Treasury Securities
Cash Management++;
FN Network Tax Free Money Market Fund,
Inc.++;
General California Municipal Money Market
Fund++;
General Government Securities Money Market
Fund, Inc.++;
General Money Market Fund, Inc.++;
General Municipal Bond Fund, Inc.++;
General Municipal Money Market Fund,
Inc.++;
General New York Municipal Bond Fund,
Inc.++;
General New York Municipal Money Market
Fund++;
Pacific American Fund++++;
Premier California Insured Municipal
Bond Fund++;
Premier California Municipal Bond Fund++;
Premier GNMA Fund++;
Premier Growth Fund, Inc.++;
Premier Municipal Bond Fund++;
Premier New York Municipal Bond Fund++;
Premier State Municipal Bond Fund++;
Assistant Secretary:
Dreyfus Service Organization, Inc.*;
Major Trading Corporation*;

MARK N. JACOBS
(cont'd)

The Truepenny Corporation*

CHRISTINE PAVALOS
Assistant Secretary

Assistant Secretary:

Dreyfus A Bonds Plus, Inc.++;
Dreyfus Acquisition Corporation*;
Dreyfus Appreciation Fund, Inc.++;
Dreyfus Asset Allocation Fund, Inc.++;
Dreyfus Balanced Fund, Inc.++;
Dreyfus BASIC Money Market Fund, Inc.++;
Dreyfus BASIC Municipal Money Market Fund,
Inc.++;
Dreyfus BASIC U.S. Government Money Market
Fund++;
Dreyfus California Intermediate Municipal
Bond Fund++;
Dreyfus California Municipal Income,
Inc.++;
Dreyfus California Tax Exempt Bond Fund,
Inc.++;
Dreyfus California Tax Exempt Money Market
Fund++;
Dreyfus Capital Value Fund, Inc.++;
Dreyfus Cash Management++;
Dreyfus Cash Management Plus, Inc.++;
Dreyfus Connecticut Intermediate
Municipal Bond Fund++;
Dreyfus Connecticut Municipal Money Market
Fund, Inc.++;
The Dreyfus Convertible Securities Fund,
Inc.++;
Dreyfus Edison Electric Index Fund,
Inc.++;
Dreyfus Florida Intermediate Municipal
Bond Fund++;
The Dreyfus Fund Incorporated++;
Dreyfus Global Investing, Inc.++;
Dreyfus GNMA Fund, Inc.++;
Dreyfus Government Cash Management++;
Dreyfus Growth Allocation Fund,
Inc.++;
Dreyfus Growth and Income, Inc.++;
Dreyfus Growth Opportunity Fund, Inc.++;
Dreyfus Institutional Money Market Fund++;
Dreyfus Institutional Short Term
Treasury Fund++;
Dreyfus Insured Municipal Bond Fund,
Inc.++;
Dreyfus Intermediate Municipal Bond Fund,
Inc.++;
Dreyfus International Equity Fund, Inc.++;
Dreyfus Investors GNMA Fund, L.P.++;
Dreyfus Land Development Corporation*;
The Dreyfus Leverage Fund, Inc.++;
Dreyfus Life and Annuity Index Fund,
Inc.++;
Dreyfus Liquid Assets, Inc.++;
Dreyfus Management, Inc.**;
Dreyfus Massachusetts Intermediate
Municipal Bond Fund++;
Dreyfus Massachusetts Municipal Money
Market Fund++;
Dreyfus Massachusetts Tax Exempt Bond
Fund++;
Dreyfus Michigan Municipal Money Market
Fund, Inc.++;
Dreyfus Money Market Instruments, Inc.++;
Dreyfus Municipal Bond Fund, Inc.++;
Dreyfus Municipal Cash Management Plus++;
Dreyfus Municipal Income, Inc.++;
Dreyfus Municipal Money Market Fund,
Inc.++;
Dreyfus New Jersey Intermediate Municipal
Bond Fund++;
Dreyfus New Jersey Municipal Bond Fund,
Inc.++;
Dreyfus New Jersey Municipal Money Market
Fund, Inc.++;
Dreyfus New Leaders Fund, Inc.++;
Dreyfus New York Insured Tax Exempt Bond
Fund++;

CHRISTINE PAVALOS
(cont'd)

CHRISTINE PAVALOS
(cont'd)

Dreyfus New York Municipal Cash
Management++;
Dreyfus New York Municipal Income, Inc.++;
Dreyfus New York Tax Exempt Bond Fund,
Inc.++;
Dreyfus New York Tax Exempt Intermediate
Bond Fund++;
Dreyfus New York Tax Exempt Money Market
Fund++;
Dreyfus Ohio Municipal Money Market Fund,
Inc.++;
Dreyfus 100% U.S. Treasury Intermediate
Term Fund, L.P.++;
Dreyfus 100% U.S. Treasury Long Term Fund,
L.P.++;
Dreyfus 100% U.S. Treasury Money Market
Fund, L.P.++;
Dreyfus 100% U.S. Treasury Short Term
Fund, L.P.++;
Dreyfus Pennsylvania Municipal Money
Market Fund++;
Dreyfus Service Corporation*;
Dreyfus Short-Intermediate Government
Fund++;
Dreyfus Short-Intermediate Municipal Bond
Fund++;
Dreyfus Short-Term Income Fund, Inc.++;
Dreyfus Strategic Governments Income,
Inc.++;
Dreyfus Strategic Growth, L.P.++;
Dreyfus Strategic Income++;
Dreyfus Strategic Investing++;
Dreyfus Strategic Municipal Bond Fund,
Inc.++;
Dreyfus Strategic Municipals, Inc.++;
Dreyfus Strategic World Investing, L.P.++;
Dreyfus Tax Exempt Cash Management++;
The Dreyfus Third Century Fund, Inc.++;
Dreyfus Treasury Cash Management++;
Dreyfus Treasury Prime Cash Management++;
Dreyfus Variable Investment Fund++;
Dreyfus-Wilshire Target Funds, Inc.++;
Dreyfus Worldwide Dollar Money Market
Fund, Inc.++;
First Prairie Cash Management++;
First Prairie Diversified Asset Fund++;
First Prairie Money Market Fund++;
First Prairie Tax Exempt Bond Fund,
Inc.++;
First Prairie Tax Exempt Money Market
Fund++;
First Prairie U.S. Government Income
Fund++;
First Prairie U.S. Treasury Securities
Cash Management++;
FN Network Tax Free Money Market Fund,
Inc.++;
General California Municipal Bond Fund,
Inc.++;
General California Municipal Money Market
Fund++;
General Government Securities Money Market
Fund, Inc.++;
General Money Market Fund, Inc.++;
General Municipal Bond Fund, Inc.++;
General Municipal Money Market Fund,
Inc.++;
General New York Municipal Bond Fund,
Inc.++;
General New York Municipal Money Market
Fund++;
McDonald Money Market Fund, Inc.++;
McDonald Tax Exempt Money Market Fund,
Inc.++;
McDonald U.S. Government Money Market
Fund, Inc.++;
Peoples Index Fund, Inc.++;
Peoples S&P MidCap Index Fund, Inc.++;
Premier California Insured Municipal
Bond Fund++;

CHRISTINE PAVALOS
(cont'd)

Premier California Municipal Bond Fund++;
Premier GNMA Fund++;
Premier Growth Fund, Inc.++;
Premier Municipal Bond Fund++;
Premier New York Municipal Bond Fund++;
Premier State Municipal Bond Fund++;
The Truepenny Corporation*

-
- * The address of the business so indicated is 200 Park Avenue, New York, New York 10166.
** The address of the business so indicated is 767 Fifth Avenue, New York, New York 10153.
*** The address of the business so indicated is 45 Broadway, New York, New York 10006.
**** The address of the business so indicated is Five Triad Center, Salt Lake City, Utah 84180.
+ The address of the business so indicated is Atrium Building, 80 Route 4 East, Paramus, New Jersey 07652.
++ The address of the business so indicated is 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144.
+++ The address of the business so indicated is One Rockefeller Plaza, New York, New York 10020.
++++ The address of the business so indicated is 2 Boulevard Royal, Luxembourg.
+++++ The address of the business so indicated is 800 West Sixth Street, Suite 1000, Los Angeles, California 90017.
+++++ The address of the business so indicated is Nassau, Bahama Islands.

Item 29. Principal Underwriters

(a) Other investment companies for which Registrant's principal underwriter (exclusive distributor) acts as principal underwriter or exclusive distributor:

- 1) Comstock Partners Strategy Fund, Inc.
- 2) Dreyfus A Bonds Plus, Inc.
- 3) Dreyfus Appreciation Fund, Inc.
- 4) Dreyfus Asset Allocation Fund, Inc.
- 5) Dreyfus Balanced Fund, Inc.
- 6) Dreyfus BASIC Money Market Fund, Inc.
- 7) Dreyfus BASIC Municipal Money Market Fund, Inc.
- 8) Dreyfus BASIC U.S. Government Money Market Fund
- 9) Dreyfus California Intermediate Municipal Bond Fund
- 10) Dreyfus California Tax Exempt Bond Fund, Inc.
- 11) Dreyfus California Tax Exempt Money Market Fund
- 12) Dreyfus Capital Value Fund, Inc.
- 13) Dreyfus Cash Management
- 14) Dreyfus Cash Management Plus, Inc.
- 15) Dreyfus Connecticut Intermediate Municipal Bond Fund
- 16) Dreyfus Connecticut Municipal Money Market Fund, Inc.
- 17) The Dreyfus Convertible Securities Fund, Inc.
- 18) Dreyfus Edison Electric Index Fund, Inc.
- 19) Dreyfus Florida Intermediate Municipal Bond Fund
- 20) The Dreyfus Fund Incorporated
- 21) Dreyfus Global Investing, Inc.
- 22) Dreyfus GNMA Fund, Inc.
- 23) Dreyfus Government Cash Management
- 24) Dreyfus Growth and Income Fund, Inc.
- 25) Dreyfus Growth Opportunity Fund, Inc.
- 26) Dreyfus Institutional Money Market Fund
- 27) Dreyfus Institutional Short Term Treasury Fund
- 28) Dreyfus Insured Municipal Bond Fund, Inc.
- 29) Dreyfus Intermediate Municipal Bond Fund, Inc.
- 30) Dreyfus International Equity Fund, Inc.
- 31) Dreyfus Investors GNMA Fund, L.P.
- 32) The Dreyfus Leverage Fund, Inc.
- 33) Dreyfus Life and Annuity Index Fund, Inc.
- 34) Dreyfus Liquid Assets, Inc.
- 35) Dreyfus Massachusetts Intermediate Municipal Bond Fund
- 36) Dreyfus Massachusetts Municipal Money Market Fund
- 37) Dreyfus Massachusetts Tax Exempt Bond Fund
- 38) Dreyfus Michigan Municipal Money Market Fund, Inc.
- 39) Dreyfus Money Market Instruments, Inc.
- 40) Dreyfus Municipal Bond Fund, Inc.
- 41) Dreyfus Municipal Cash Management Plus
- 42) Dreyfus Municipal Money Market Fund, Inc.

- 43) Dreyfus New Jersey Intermediate Municipal Bond Fund
- 44) Dreyfus New Jersey Municipal Bond Fund, Inc.
- 45) Dreyfus New Jersey Municipal Money Market Fund, Inc.
- 46) Dreyfus New Leaders Fund, Inc.
- 47) Dreyfus New York Insured Tax Exempt Bond Fund
- 48) Dreyfus New York Municipal Cash Management
- 49) Dreyfus New York Tax Exempt Bond Fund, Inc.
- 50) Dreyfus New York Tax Exempt Intermediate Bond Fund
- 51) Dreyfus New York Tax Exempt Money Market Fund
- 52) Dreyfus Ohio Municipal Money Market Fund, Inc.
- 53) Dreyfus 100% U.S. Treasury Intermediate Term Fund, L.P.
- 54) Dreyfus 100% U.S. Treasury Long Term Fund, L.P.
- 55) Dreyfus 100% U.S. Treasury Money Market Fund, L.P.
- 56) Dreyfus 100% U.S. Treasury Short Term Fund, L.P.
- 57) Dreyfus Pennsylvania Municipal Money Market Fund
- 58) Dreyfus Short-Intermediate Government Fund
- 59) Dreyfus Short-Intermediate Municipal Bond Fund
- 60) Dreyfus Short-Term Income Fund, Inc.
- 61) Dreyfus Strategic Growth, L.P.
- 62) Dreyfus Strategic Income
- 63) Dreyfus Strategic Investing
- 64) Dreyfus Strategic World Investing, L.P.
- 65) Dreyfus Tax Exempt Cash Management
- 66) The Dreyfus Third Century Fund, Inc.
- 67) Dreyfus Treasury Cash Management
- 68) Dreyfus Treasury Prime Cash Management
- 69) Dreyfus Variable Investment Fund
- 70) Dreyfus-Wilshire Target Funds, Inc.
- 71) Dreyfus Worldwide Dollar Money Market Fund, Inc.
- 72) First Prairie Cash Management
- 73) First Prairie Diversified Asset Fund
- 74) First Prairie Money Market Fund
- 75) First Prairie Tax Exempt Bond Fund, Inc.
- 76) First Prairie Tax Exempt Money Market Fund
- 77) First Prairie U.S. Treasury Securities Cash Management
- 78) FN Network Tax Free Money Market Fund, Inc.
- 79) General California Municipal Bond Fund, Inc.
- 80) General California Municipal Money Market Fund
- 81) General Government Securities Money Market Fund, Inc.
- 82) General Money Market Fund, Inc.
- 83) General Municipal Bond Fund, Inc.
- 84) General Municipal Money Market Fund, Inc.
- 85) General New York Municipal Bond Fund, Inc.
- 86) General New York Municipal Money Market Fund
- 87) Pacific American Fund
- 88) Peoples Index Fund, Inc.
- 89) Peoples S&P MidCap Index Fund, Inc.
- 90) Premier California Insured Municipal Bond Fund
- 91) Premier California Municipal Bond Fund
- 92) Premier GNMA Fund
- 93) Premier Growth Fund, Inc.
- 94) Premier Municipal Bond Fund
- 95) Premier New York Municipal Bond Fund
- 96) Premier State Municipal Bond Fund

(b)

Name and principal business address	Positions and offices with Dreyfus Service Corporation	Positions and offices with Registrant
Howard Stein*	Chairman of the Board	None
Robert H. Schmidt*	President and Director	None
Joseph S. DiMartino*	Executive Vice President and Director	None
Lawrence M. Greene*	Executive Vice President and Director	None
Julian M. Smerling*	Executive Vice President and Director	None
Elie M. Genadry*	Executive Vice President	Vice President
Hank Gottmann*	Executive Vice President	None
Donald A. Nanfeldt*	Executive Vice President	Vice President

Kevin Flood*	Senior Vice President	None
Roy Gross*	Senior Vice President	None
Irene Papadoulis**	Senior Vice President	None
Kirk Stumpp*	Senior Vice President and Director of Marketing	None
Diane M. Coffey*	Vice President	None
Walter T. Harris*	Vice President	None
William Harvey*	Vice President	None
Adwick Pinnock**	Vice President	None
George Pirrone*	Vice President/Trading	None
Karen Rubin Waldmann*	Vice President	None
Peter D. Schwab*	Vice President/New Products	None
Michael Anderson*	Assistant Vice President	None
Carolyn Sobering*	Assistant Vice President-Trading	None
Daniel C. Maclean*	Secretary	Vice President
Robert F. Dubuss*	Treasurer	None
Maurice Bendrihem*	Controller	None
Michael J. Dolitsky*	Assistant Controller	None
Susan Verbil Goldgraben*	Assistant Treasurer	None
Christine Pavalos*	Assistant Secretary	Assistant Secretary

Broker-Dealer Division of Dreyfus Service Corporation
=====

Name and principal business address	Positions and offices with Broker-Dealer Division of Dreyfus Service Corporation	Positions and offices with Registrant
Elie M. Genadry*	President	Vice President
Craig E. Smith*	Executive Vice President	None
Peter Moeller*	Vice President and Sales Manager	None
Kristina Williams Pomano Beach, FL	Vice President-Administration	None
Edward Donley Latham, NY	Regional Vice President	None
Glenn Farinacci*	Regional Vice President	None
Peter S. Ferrentino San Francisco, CA	Regional Vice President	None
William Frey Hoffman Estates, IL	Regional Vice President	None
Suzanne Haley Tampa, FL	Regional Vice President	None
Philip Jochem Warrington, PA	Regional Vice President	None
Fred Lanier Atlanta, GA	Regional Vice President	None

Beth Presson Colchester, VT	Regional Vice President	None
Joseph Reaves New Orleans, LA	Regional Vice President	None
Christian Renninger Germantown, MD	Regional Vice President	None
Kurt Wiessner Minneapolis, MN	Regional Vice President	None
Mary Rogers**	Assistant Vice President	None

Institutional Services Division of Dreyfus Service Corporation
=====

Name and principal business address	Positions and offices with Institutional Services Division of Dreyfus Service Corporation	Positions and offices with Registrant
Elie M. Genadry*	President	Vice President
Donald A. Nanfeldt*	Executive Vice President	Vice President
Charles Cardona**	Senior Vice President	None
Stacy Alexander*	Vice President	None
Eric Almquist*	Vice President	None
James E. Baskin++++++	Vice President	None
Kenneth Bernstein Boca Raton, FL	Vice President-Institutional Sales	None
Stephen Burke*	Vice President	None
Laurel A. Diedrick Burrows***	Vice President	None
Daniel L. Clawson++++	Vice President	None
Michael Caraboolad Gates Mills, OH	Vice President-Institutional Sales	None
Laura Caudillo++	Vice President-Institutional Sales	None
Steven Faticone*****	Vice-President-Institutional Sales	None
William E. Findley****	Vice President	None
Mary Genet*****	Vice President	None
Melinda Miller Gordon*	Vice President	None
Christina Haydt++	Vice President-Institutional Sales	None
Carol Anne Kelty*	Vice President-Institutional Sales	None
Gwenn Kessler*****	Vice President-Institutional Sales	None
Nancy Knee++++	Vice President-Institutional Sales	None
Bradford Lange*	Vice President-Institutional Sales	None
Kathleen McIntyre Lewis++	Vice President	None
Eva Machek*****	Vice President-Institutional Sales	None
Mary McCabe***	Vice President-Institutional Sales	None
James McNamara*****	Vice President-Institutional Sales	None
James Neiland*	Vice President	None

Susan M. O'Connor*	Vice President-Institutional Seminars	None
Andrew Pearson+++	Vice President-Institutional Sales	None
Jean Heitzman Penny*****	Vice President-Institutional Sales	None
Dwight Pierce+	Vice President	None
Lorianne Pinto*	Vice President-Institutional Sales	None
Douglas Rentschler Grosse Point Park, MI	Vice President-Institutional Sales	None
Leah Ryan****	Vice President-Institutional Sales	None
Emil Samman*	Vice President-Institutional Marketing	None
Edward Sands*	Vice President-Institutional Administration	None
William Schalda*	Vice President	None
Sue Ann Seefeld++++	Vice President-Institutional Sales	None
Elizabeth Biordi Wieland*	Vice President-Institutional Administration	None
Jeanne Butler*	Assistant Vice President-Institutional Operations	None
Roberta Hall*****	Assistant Vice President-Institutional Servicing	None
Tracy Hopkins**	Assistant Vice President-Institutional Operations	None
Lois Paterson*	Assistant Vice President-Institutional Operations	None
Karen Markovic Shpall+++++	Assistant Vice President	None
Patrick Synan**	Assistant Vice President-Institutional Support	None
Emilie Tongalson**	Assistant Vice President-Institutional Servicing	None
Carolyn Warren++	Assistant Vice President-Institutional Servicing	None
Tonda Watson****	Assistant Vice President-Institutional Sales	None

Group Retirement Plans Division of Dreyfus Service Corporation

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Name and principal business address	Positions and offices with Group Retirement Plans Division of Dreyfus Service Corporation	Positions and offices with Registrant
Elie M. Genadry*	President	Vice President
Robert W. Stone*	Executive Vice President	None
Paul Allen*	Executive Vice President-National Sales	None
Leonard Larrabee*	Vice President and Senior Counsel	None
George Anastasakos*	Vice President	None
Bart Ballinger++	Vice President-Sales	None
Paula Cleary*	Vice President-Marketing	None

Ellen S. Dinas*	Vice President-Marketing/Communications	None
Wendy Holcomb++	Vice President-Sales	None
William Gallagher*	Vice President-Sales	None
Brent Glading*	Vice President-Sales	None
Gerald Goz*	Vice President-Sales	None
Jeffrey Lejune Dallas, TX	Vice President-Sales	None
Samuel Mancino**	Vice President-Installation	None
Joanna Morris*	Vice President-Sales	None
Joseph Pickert++	Vice President-Sales	None
Alison Saunders**	Vice President-Enrollment	None
Scott Zeleznik*	Vice President-Sales	None
Alana Zion*	Vice President-Sales	None
Jeffrey Blake*	Assistant Vice President-Sales	None

* The address of the offices so indicated is 200 Park Avenue, New York, New York 10166

** The address of the offices so indicated is 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144.

*** The address of the offices so indicated is 580 California Street, San Francisco, California 94104.

**** The address of the offices so indicated is 3384 Peachtree Road, Suite 100, Atlanta, Georgia 30326-1106.

***** The address of the offices so indicated is 190 South LaSalle Street, Suite 2850, Chicago, Illinois 60603.

+ The address of the offices so indicated is P.O. Box 1657, Duxbury, Massachusetts 02331.

++ The address of the offices so indicated is 800 West Sixth Street, Suite 1000, Los Angeles, California 90017.

+++ The address of the offices so indicated is 11 Berwick Lane, Edgewood, Rhode Island 02905.

++++ The address of the offices so indicated is 1700 Lincoln Street, Suite 3940, Denver, Colorado 80203.

+++++ The address of the offices so indicated is 6767 Forest Hill Avenue, Richmond, Virginia 23225.

++++++ The address of the offices so indicated is 2117 Diamond Street, San Diego, California 92109.

+++++++ The address of the offices so indicated is P.O. Box 757, Holliston, Massachusetts 01746.

Item 30. Location of Accounts and Records

1. The Shareholder Services Group, Inc.,
a subsidiary of First Data Corporation
P.O. Box 9671
Providence, Rhode Island 02940-9671
2. The Bank of New York
110 Washington Street
New York, New York 10286
3. The Dreyfus Corporation
200 Park Avenue
New York, New York 10166

Item 31. Management Services

Not Applicable

Item 32. Undertakings

Registrant hereby undertakes

- (b) (1) With respect to the Florida Series, the Connecticut Series, the National Series, the New Jersey Series and the New York Series, to file a post-effective amendment, using financial statements which need not be certified, within four to six months from the effective date of this Registration Statement.
- (2) to call a meeting of shareholders for the purpose of voting upon the question of removal of a trustee or trustees when requested in writing to do so by the holders of at least 10% of the Registrant's outstanding shares of beneficial interest and in connection with such meeting to comply with the provisions of Section 16(c) of the Investment Company Act of 1940 relating to shareholder communications.
- (3) To furnish each person to whom a prospectus is delivered with a copy of its latest annual report to shareholders, upon request and without charge, beginning with the annual report to shareholders for the fiscal year ending July 31, 1994.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Amendment to the Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Amendment to the 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 4th day of February, 1994.

PREMIER INSURED MUNICIPAL BOND FUND

BY: /s/Richard J. Moynihan*
RICHARD J. MOYNIHAN, PRESIDENT

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, this Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signatures		Title	Date
/s/Richard J. Moynihan Richard J. Moynihan	*	President (Principal Executive Officer) and Trustee	2/4/94
/s/Jeffrey N. Nachman Jeffrey N. Nachman	*	Treasurer (Principal Financial Officer)	2/4/94
/s/Clifford L. Alexander Clifford L. Alexander	*	Trustee	2/4/94
/s/Peggy C. Davis Peggy C. Davis	*	Trustee	2/4/94
/s/Saul B. Klaman Saul B. Klaman	*	Trustee	2/4/94
/s/Nathan Leventhal Nathan Leventhal	*	Trustee	2/4/94
/s/Ernest Kafka Ernest Kafka	*	Trustee	2/4/94

BY: /s/Robert R. Mullery*

Index of Exhibits

Page

(1) (a)	Amended and Restated Agreement and Declaration of Trust. . . .	
(1) (b)	Articles of Amendment to Amended and Restated Agreement and Declaration of Trust	
(2)	By-Laws.	
(5)	Management Agreement	
(6) (a)	Distribution Agreement	
(8) (a)	Custody Agreement.	
(8) (b)	Sub-Custodian Agreements	
(9)	Shareholder Services Plan	
(10)	Opinion of Stroock & Stroock & Lavan	
(11)	Consent of Independent Auditors.	
(15)	Distribution Plan.	
(16)	Schedules of Computation of Performance Data	

Other Exhibits

(b)	Secretary's Certificate.	
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PREMIER CALIFORNIA INSURED MUNICIPAL BOND FUND
(formerly, D 1992-9 Trust)
Amended and Restated Agreement and Declaration of Trust

THIS AMENDED AND RESTATED AGREEMENT AND DECLARATION OF TRUST, made this 14th day of April, 1993, hereby amends and restates in its entirety the Agreement and Declaration of Trust made at Boston, Massachusetts, dated March 12, 1992, by the Trustee hereunder (hereinafter with any additional and successor trustees referred to as the "Trustees") and by the holders of shares of beneficial interest to be issued hereunder as hereinafter provided.

W I T N E S S E T H :

WHEREAS, the Trustees have agreed to manage all property coming into their hands as trustees of a Massachusetts business trust in accordance with the provisions hereinafter set forth.

NOW, THEREFORE, the Trustees hereby declare that they will hold all cash, securities and other assets, which they may from time to time acquire in any manner as Trustees hereunder IN TRUST to manage and dispose of the same upon the following terms and conditions for the pro rata benefit of the holders from time to time of Shares, whether or not certificated, in this Trust as hereinafter set forth.

ARTICLE I

Name and Definitions

Section 1. Name. This Trust shall be known as "Premier California Insured Municipal Bond Fund."

Section 2. Definitions. Whenever used herein, unless otherwise required by the context or specifically provided:

(a) The term "Commission" shall have the meaning provided in the 1940 Act;

(b) The "Trust" refers to the Massachusetts business trust established by this Agreement and Declaration of Trust, as amended from time to time;

(c) "Shareholder" means a record owner of Shares of the Trust;

(d) "Shares" means the equal proportionate transferable units of interest into which the beneficial interest in the Trust shall be divided from time to time or, if more than one series or class of Shares is authorized by the Trustees, the equal proportionate transferable units into which each series or class of Shares shall be divided from time to time, and includes a fraction of a Share as well as a whole Share;

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

(f) The term "Manager" is defined in Article IV, Section 5;

(g) The term "Person" shall mean an individual or any corporation, partnership, joint venture, trust or other enterprise;

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

(i) "Bylaws" shall mean the Bylaws of the Trust as amended from time to time;

(j) The term "series" or "series of Shares" refers to the one or more separate investment portfolios of the Trust into which the assets and liabilities of the Trust may be divided and the Shares of the Trust representing the beneficial interest of Shareholders in such respective portfolios; and

(k) The term "class" or "class of Shares" refers to the division of Shares representing any series into two or more classes as provided in Article III, Section 1 hereof.

ARTICLE II

Purposes of Trust

This Trust is formed for the following purpose or purposes:

(a) to conduct, operate and carry on the business of an investment company;

(b) to subscribe for, invest in, reinvest in, purchase or otherwise acquire, hold, pledge, sell, assign, transfer, lend,

write options on, exchange, distribute or otherwise dispose of and deal in and with securities of every nature, kind, character, type and form, including, without limitation of the generality of the foregoing, all types of stocks, shares, futures contracts, bonds, debentures, notes, bills and other negotiable or non-negotiable instruments, obligations, evidences of interest, certificates of interest, certificates of participation, certificates, interests, evidences of ownership, guarantees, warrants, options or evidences of indebtedness issued or created by or guaranteed as to principal and interest by any state or local government or any agency or instrumentality thereof, by the United States Government or any agency, instrumentality, territory, district or possession thereof, by any foreign government or any agency, instrumentality, territory, district or possession thereof, by any corporation organized under the laws of any state, the United States or any territory or possession thereof or under the laws of any foreign country, bank certificates of deposit, bank time deposits, bankers' acceptances and commercial paper; to pay for the same in cash or by the issue of stock, including treasury stock, bonds or notes of the Trust or otherwise; and to exercise any and all rights, powers and privileges of ownership or interest in respect of any and all such investments of every kind and description, including, without limitation, the right to consent and otherwise act with respect thereto, with power to designate one or more persons, firms, associations or corporations to exercise any of said rights, powers and privileges in respect of any said instruments;

(c) to borrow money or otherwise obtain credit and to secure the same by mortgaging, pledging or otherwise subjecting as security the assets of the Trust;

(d) to issue, sell, repurchase, redeem, retire, cancel, acquire, hold, resell, reissue, dispose of, transfer, and otherwise deal in, Shares including Shares in fractional denominations, and to apply to any such repurchase, redemption, retirement, cancellation or acquisition of Shares any funds or other assets of the appropriate series or class of Shares, whether capital or surplus or otherwise, to the full extent now or hereafter permitted by the laws of The Commonwealth of Massachusetts;

(e) to conduct its business, promote its purposes, and carry on its operations in any and all of its branches and maintain offices both within and without The Commonwealth of Massachusetts, in any and all States of the United States of America, in the District of Columbia, and in any other parts of the world; and

(f) to do all and everything necessary, suitable, convenient, or proper for the conduct, promotion, and attainment

of any of the businesses and purposes herein specified or which at any time may be incidental thereto or may appear conducive to or expedient for the accomplishment of any of such businesses and purposes and which might be engaged in or carried on by a Trust organized under the Massachusetts General Laws, and to have and exercise all of the powers conferred by the laws of The Commonwealth of Massachusetts upon a Massachusetts business trust.

The foregoing provisions of this Article II shall be construed both as purposes and powers and each as an independent purpose and power.

ARTICLE III

Beneficial Interest

Section 1. Shares of Beneficial Interest. The Shares of the Trust shall be issued in one or more series 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 series and shall represent a separate investment portfolio of the Trust. The beneficial interest in each series at all times shall be divided into Shares, with or without par value as the Trustees may from time to time determine, each of which shall, except as provided in the following sentence, represent an equal proportionate interest in the series with each other Share of the same series, none having priority or preference over another. The Trustees may, without Shareholder approval, divide Shares of any series into two or more classes, Shares of each such class having such preferences and special or relative rights and privileges (including conversion rights, if any) as the Trustees may determine. The number of Shares authorized shall be unlimited, and the Shares so authorized may be represented in part by fractional shares. From time to time, the Trustees may divide or combine the Shares of any series or class into a greater or lesser number without thereby changing the proportionate beneficial interests in the series or class.

Section 2. Ownership of Shares. The ownership of Shares will be recorded in the books of the Trust or a transfer agent. The record books of the Trust or any transfer agent, as the case may be, shall be conclusive as to who are the holders of Shares of each series and class and as to the number of Shares of each series and class held from time to time by each. No certificates certifying the ownership of Shares need be issued except as the Trustees may otherwise determine from time to time.

Section 3. Issuance of Shares. The Trustees are

authorized, from time to time, to issue or authorize the issuance of Shares at not less than the par value thereof, if any, and to fix the price or the minimum price or the consideration (in cash and/or such other property, real or personal, tangible or intangible, as from time to time they may determine) or minimum consideration for such Shares. Anything herein to the contrary notwithstanding, the Trustees may issue Shares pro rata to the Shareholders of a series at any time as a stock dividend, except to the extent otherwise required or permitted by the preferences and special or relative rights and privileges of any classes of Shares of that series, and any stock dividend to the Shareholders of a particular class of Shares shall be made to such Shareholders pro rata in proportion to the number of Shares of such class held by each of them.

All consideration received by the Trust for the issue or sale of Shares of each series, together with all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation thereof, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be, shall belong irrevocably to the series of Shares with respect to which the same were received by the Trust for all purposes, subject only to the rights of creditors, and shall be so handled upon the books of account of the Trust and are herein referred to as "assets of" such series.

Shares may be issued in fractional denominations to the same extent as whole Shares, and Shares in fractional denominations shall be Shares having proportionately to the respective fractions represented thereby all the rights of whole Shares, including, without limitation, the right to vote, the right to receive dividends and distributions, and the right to participate upon liquidation of the Trust or of a particular series of Shares.

Section 4. No Preemptive Rights; Derivative Suits. Shareholders shall have no preemptive or other right to subscribe for any additional Shares or other securities issued by the Trust.

No action may be brought by a Shareholder on behalf of the Trust or a series unless a prior demand regarding such matter has been made on the Trustees and the Shareholders of the Trust or such series.

Section 5. 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 same

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 any Shareholder or Trustee personally or to call upon any Shareholder for the payment of any sum of money or assessment whatsoever other than such as the Shareholder at any time personally may agree to pay by way of subscription for any Shares or otherwise. Every note, bond, contract or other undertaking issued by or on behalf of the Trust shall include a recitation limiting the obligation represented thereby to the Trust and its assets or the assets of a particular series (but the omission of such a recitation shall not operate to bind any Shareholder or Trustee personally).

ARTICLE IV

Trustees

Section 1. Election. A Trustee may be elected either by the Trustees or the Shareholders. The Trustees named herein shall serve until the first meeting of the Shareholders or until the election and qualification of their successors. Prior to the first meeting of Shareholders the initial Trustees hereunder may elect additional Trustees to serve until such meeting and until their successors are elected and qualified. The Trustees also at any time may elect Trustees to fill vacancies in the number of Trustees. The number of Trustees shall be fixed from time to time by the Trustees and, at or after the commencement of the business of the Trust, shall be not less than three. Each Trustee, whether named above or hereafter becoming a Trustee, shall serve as a Trustee during the lifetime of this Trust, until such Trustee dies, resigns, retires, or is removed, or, if sooner, until the next meeting of Shareholders called for the purpose of electing Trustees and the election and qualification of his successor. Subject to Section 16(a) of the 1940 Act, the Trustees may elect their own successors and, pursuant to this Section, may appoint Trustees to fill vacancies.

Section 2. Powers. The Trustees shall have all powers necessary or desirable to carry out the purposes of the Trust, including, without limitation, the powers referred to in Article II hereof. Without limiting the generality of the foregoing, the Trustees may adopt By-Laws not inconsistent with this Declaration of Trust providing for the conduct of the business of the Trust

and may amend and repeal them to the extent that they do not reserve that right to the Shareholders; they may fill vacancies in their number, including vacancies resulting from increases in their own number, and may elect and remove such officers and employ, appoint and terminate such employees or agents as they consider appropriate; they may appoint from their own number and terminate any one or more committees; they may employ one or more custodians of the assets of the Trust and may authorize such custodians to employ subcustodians and to deposit all or any part of such assets in a system or systems for the central handling of securities, retain a transfer agent and a Shareholder servicing agent, or both, provide for the distribution of Shares through a principal underwriter or otherwise, set record dates, and in general delegate such authority as they consider desirable (including, without limitation, the authority to purchase and sell securities and to invest funds, to determine the net income of the Trust for any period, the value of the total assets of the Trust and the net asset value of each Share, and to execute such deeds, agreements or other instruments either in the name of the Trust or the names of the Trustees or as their attorney or attorneys or otherwise as the Trustees from time to time may deem expedient) to any officer of the Trust, committee of the Trustees, any such employee, agent, custodian or underwriter or to any Manager.

Without limiting the generality of the foregoing, the Trustees shall have full power and authority:

- (a) To invest and reinvest cash and to hold cash uninvested;
- (b) To vote or give assent, or exercise any rights of ownership, with respect to stock or other securities or property; and to execute and deliver proxies or powers of attorney to such person or persons as the Trustees shall deem proper, granting to such person or persons such power and discretion with relation to securities or property as the Trustees shall deem proper;
- (c) To hold any security or property in a form not indicating any trust whether in bearer, unregistered or other negotiable form or in the name of the Trust or a custodian, subcustodian or other depository or a nominee or nominees or otherwise;
- (d) To consent to or participate in any plan for the reorganization, consolidation or merger of any corporation or concern, any security of which is held in the Trust; to consent to any contract, lease, mortgage, purchase or sale of property by such corporation or concern, and to pay calls or subscriptions with respect to any security held in the Trust;
- (e) To join with other security holders in acting

through a committee, depositary, voting trustee or otherwise, and in that connection to deposit any security with, or transfer any security to, any such committee, depositary or trustee, and to delegate to them such power and authority with relation to any security (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, depositary or trustee as the Trustees shall deem proper;

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

(g) Subject to the provisions of Article III, Section 3, to allocate assets, liabilities, income and expenses of the Trust to a particular series of Shares or to apportion the same among two or more series, provided that any liabilities or expenses incurred by a particular series of Shares shall be payable solely out of the assets of that series; and to the extent necessary or appropriate to give effect to the preferences and special or relative rights and privileges of any classes of Shares, to allocate assets, liabilities, income and expenses of a series to a particular class of Shares of that series or to apportion the same among two or more classes of Shares of that series;

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

(i) To purchase and pay for entirely out of Trust property such insurance as they may deem necessary or appropriate for the conduct of the business, 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, investment advisers or Managers, principal underwriters, or independent contractors 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 as Shareholder, Trustee, officer, employee, agent, investment adviser or Manager, principal underwriter, or independent contractor, 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

(j) To pay pensions for faithful service, as deemed appropriate by the Trustees, and to adopt, establish and carry out pension, profit-sharing, share bonus, share purchase, savings, thrift and other retirement, incentive and benefit plans, trusts

and provisions, including the purchasing of life insurance and annuity contracts as a means of providing such retirement and other benefits, for any or all of the Trustees, officers, employees and agents of the Trust.

Further, without limiting the generality of the foregoing, the Trustees shall have full power and authority to incur and pay out of the principal or income of the Trust such expenses and liabilities as may be deemed by the Trustees to be necessary or proper for the purposes of the Trust; provided, however, that all expenses and liabilities incurred by or arising in connection with a particular series of Shares, as determined by the Trustees, shall be payable solely out of the assets of that series.

Any determination made in good faith and, so far as accounting matters are involved, in accordance with generally accepted accounting principles by or pursuant to the authority granted by the Trustees, as to the amount of the assets, debts, obligations or liabilities of the Trust or a particular series or class of Shares; the amount of any reserves or charges set up and the propriety thereof; the time of or purpose for creating such reserves or charges; the use, alteration or cancellation of any reserves or charges (whether or not any debt, obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged or shall be then or thereafter required to be paid or discharged); the price or closing bid or asked price of any investment owned or held by the Trust or a particular series; the market value of any investment or fair value of any other asset of the Trust or a particular series; the number of Shares outstanding; the estimated expense to the Trust or a particular series in connection with purchases of its Shares; the ability to liquidate investments in an orderly fashion; and the extent to which it is practicable to deliver a cross-section of the portfolio of the Trust or a particular series in payment for any such Shares, or as to any other matters relating to the issue, sale, purchase and/or other acquisition or disposition of investments or Shares of the Trust or a particular series, shall be final and conclusive, and shall be binding upon the Trust or such series and its Shareholders, past, present and future, and Shares are issued and sold on the condition and understanding that any and all such determinations shall be binding as aforesaid.

Section 3. Meetings. At any meeting of the Trustees, a majority of the Trustees then in office shall constitute a quorum. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

When a quorum is present at any meeting, a majority of the Trustees present may take any action, except when a larger vote is required by this Declaration of Trust, the By-Laws or the 1940 Act.

Any action required or permitted to be taken at any meeting of the Trustees or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by a majority of the Trustees or members of any such committee then in office, as the case may be, and such written consent is filed with the minutes of proceedings of the Trustees or any such committee.

The Trustees or any committee designated by the Trustees may participate in a meeting of the Trustees or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 4. Ownership of Assets of the Trust. Title to all of the assets of each series of Shares of the Trust at all times shall be considered as vested in the Trustees.

Section 5. Investment Advice and Management Services. The Trustees shall not in any way be bound or limited by any present or future law or custom in regard to investments by trustees. The Trustees from time to time may enter into a written contract or contracts with any person or persons (herein called the "Manager"), including any firm, corporation, trust or association in which any Trustee or Shareholder may be interested, to act as investment advisers and/or managers of the Trust and to provide such investment advice and/or management as the Trustees from time to time may consider necessary for the proper management of the assets of the Trust, including, without limitation, authority to determine from time to time what investments shall be purchased, held, sold or exchanged and what portion, if any, of the assets of the Trust shall be held uninvested and to make changes in the Trust's investments. Any such contract shall be subject to the requirements of the 1940 Act with respect to its continuance in effect, its termination and the method of authorization and approval of such contract, or any amendment thereto or renewal thereof.

Any Trustee or any organization with which any Trustee may be associated also may act as broker for the Trust in making purchases and sales of securities for or to the Trust for its investment portfolio, and may charge and receive from the Trust the usual and customary commission for such service. Any organization with which a Trustee may be associated in acting as broker for the Trust shall be responsible only for the proper

execution of transactions in accordance with the instructions of the Trust and shall be subject to no further liability of any sort whatever.

The Manager, or any affiliate thereof, also may be a distributor for the sale of Shares by separate contract or may be a person controlled by or affiliated with any Trustee or any distributor or a person in which any Trustee or any distributor is interested financially, subject only to applicable provisions of law. Nothing herein contained shall operate to prevent any Manager, who also acts as such a distributor, from also receiving compensation for services rendered as such distributor.

Section 6. Removal and Resignation of Trustees. The Trustees or the Shareholders (by vote of 66-2/3% of the outstanding Shares entitled to vote thereon) may remove at any time any Trustee with or without cause, and any Trustee may resign at any time as Trustee, without penalty by written notice to the Trust; provided that sixty days' advance written notice shall be given in the event that there are only three or fewer Trustees at the time a notice of resignation is submitted.

ARTICLE V

Shareholders' Voting Powers and Meetings

Section 1. Voting Powers. The Shareholders shall have power to vote only (i) for the election of Trustees as provided in Article IV, Section 1, of this Declaration of Trust; provided, however, that no meeting of Shareholders is required to be called for the purpose of electing Trustees unless and until such time as less than a majority of the Trustees have been elected by the Shareholders, (ii) for the removal of Trustees as provided in Article IV, Section 6, (iii) with respect to any Manager as provided in Article IV, Section 5, (iv) with respect to any amendment of this Declaration of Trust as provided in Article IX, Section 8, (v) with respect to the termination of the Trust or a series of Shares as provided in Article IX, Section 5, and (vi) with respect to such additional matters relating to the Trust as may be required by law, by this Declaration of Trust, or the By-Laws of the Trust or any registration of the Trust with the Commission or any state, or as the Trustees may consider desirable. Each whole Share shall be entitled to one vote as to any matter on which it is entitled to vote (except that in the election of Trustees said vote may be cast for as many persons as there are Trustees to be elected), and each fractional Share shall be entitled to a proportionate fractional vote. Notwithstanding any other provision of this Declaration of Trust, on any matter submitted to a vote of Shareholders, all Shares of the Trust then entitled to vote shall be voted in the aggregate as a single class without

regard to series or classes of Shares, except (i) when required by the 1940 Act or when the Trustees shall have determined that the matter affects one or more series or classes differently Shares shall be voted by individual series or class and (ii) when the Trustees have determined that the matter affects only the interests of one or more series or classes then only Shareholders of such series or classes shall be entitled to vote thereon. There shall be no cumulative voting in 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 valid if executed by any one of them, unless at or prior to exercise of the proxy the Trust receives a 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. Whenever no Shares of any series or class are issued and outstanding, the Trustees may exercise with respect to such series or class all rights of Shareholders and may take any action required by law, this Declaration of Trust or any By-Laws of the Trust to be taken by Shareholders.

Section 2. Meetings. Meetings of the Shareholders may be called by the Trustees or such other person or persons as may be specified in the By-Laws and shall be called by the Trustees upon the written request of Shareholders owning at least 30% of the outstanding Shares entitled to vote. Shareholders shall be entitled to at least ten days' prior notice of any meeting.

Section 3. Quorum and Required Vote. Thirty percent (30%) of the outstanding Shares shall be a quorum for the transaction of business at a Shareholders' meeting, except that where any provision of law or of this Declaration of Trust permits or requires that holders of any series or class shall vote as a series or class, then thirty percent (30%) of the aggregate number of Shares of that series or class entitled to vote shall be necessary to constitute a quorum for the transaction of business by that series or class. Any lesser number, however, shall be sufficient for adjournment and any adjourned session or sessions may be held within 90 days after the date set for the original meeting without the necessity of further notice. Except when a larger vote is required by any provision of this Declaration of Trust or the By-Laws of the Trust and subject to any applicable requirements of law, a majority of the Shares voted shall decide any question and a plurality shall elect a Trustee, provided that where any provision of law or of this Declaration of Trust permits or requires that the holders of any series or class shall vote as a series or class, then a majority of the Shares of that series or class voted on the matter (or a plurality with respect to the election of a Trustee) shall decide that matter insofar as that series or class is concerned.

Section 4. Action by Written Consent. Any action required or permitted to be taken at any meeting may be taken without a meeting if a consent in writing, setting forth such action, is signed by a majority of Shareholders entitled to vote on the subject matter thereof (or such larger proportion thereof as shall be required by any express provision of this Declaration of Trust) and such consent is filed with the records of the Trust.

Section 5. Additional Provisions. The By-Laws may include further provisions for Shareholders' votes and meetings and related matters.

ARTICLE VI

Distributions and Redemptions

Section 1. Distributions. The Trustees shall distribute periodically to the Shareholders of each series of Shares an amount approximately equal to the net income of that series, determined by the Trustees or as they may authorize and as herein provided. Distributions of income may be made in one or more payments, which shall be in Shares, cash or otherwise, and on a date or dates and as of a record date or dates determined by the Trustees. At any time and from time to time in their discretion, the Trustees also may cause to be distributed to the Shareholders of any one or more series as of a record date or dates determined by the Trustees, in Shares, cash or otherwise, all or part of any gains realized on the sale or disposition of the assets of the series or all or part of any other principal of the Trust attributable to the series. Each distribution pursuant to this Section 1 shall be made ratably according to the number of Shares of the series held by the several Shareholders on the record date for such distribution, except to the extent otherwise required or permitted by the preferences and special or relative rights and privileges of any classes of Shares of that series, and any distribution to the Shareholders of a particular class of Shares shall be made to such Shareholders pro rata in proportion to the number of Shares of such class held by each of them. No distribution need be made on Shares purchased pursuant to orders received, or for which payment is made, after such time or times as the Trustees may determine.

Section 2. Determination of Net Income. In determining the net income of each series or class of Shares for any period, there shall be deducted from income for that period (a) such portion of all charges, taxes, expenses and liabilities due or accrued as the Trustees shall consider properly chargeable and fairly applicable to income for that period or any earlier period

and (b) whatever reasonable reserves the Trustees shall consider advisable for possible future charges, taxes, expenses and liabilities which the Trustees shall consider properly chargeable and fairly applicable to income for that period or any earlier period. The net income of each series or class for any period may be adjusted for amounts included on account of net income in the net asset value of Shares issued or redeemed or repurchased during that period. In determining the net income of a series or class for a period ending on a date other than the end of its fiscal year, income may be estimated as the Trustees shall deem fair. Gains on the sale or disposition of assets shall not be treated as income, and losses shall not be charged against income unless appropriate under applicable accounting principles, except in the exercise of the discretionary powers of the Trustees. Any amount contributed to the Trust which is received as income pursuant to a decree of any court of competent jurisdiction shall be applied as required by the said decree.

Section 3. Redemptions. Any Shareholder shall be entitled to require the Trust to redeem and the Trust shall be obligated to redeem at the option of such Shareholder all or any part of the Shares owned by said Shareholder, at the redemption price, pursuant to the method, upon the terms and subject to the conditions hereinafter set forth:

(a) Certificates for Shares, if issued, shall be presented for redemption in proper form for transfer to the Trust or the agent of the Trust appointed for such purpose, and these shall be presented with a written request that the Trust redeem all or any part of the Shares represented thereby.

(b) The redemption price per Share shall be the net asset value per Share when next determined by the Trust at such time or times as the Trustees shall designate, following the time of presentation of certificates for Shares, if issued, and an appropriate request for redemption, or such other time as the Trustees may designate in accordance with any provision of the 1940 Act, or any rule or regulation made or adopted by any securities association registered under the Securities Exchange Act of 1934, as determined by the Trustees, less any applicable charge or fee imposed from time to time as determined by the Trustees.

(c) Net asset value of each series or class of Shares (for the purpose of issuance of Shares as well as redemptions thereof) shall be determined by dividing:

(i) the total value of the assets of such series or class determined as provided in paragraph (d) below less, to the extent determined by or pursuant to the direction of the Trustees in accordance with generally accepted accounting

principles, all debts, obligations and liabilities of such series or class (which debts, obligations and liabilities shall include, without limitation of the generality of the foregoing, any and all debts, obligations, liabilities, or claims, of any and every kind and nature, fixed, accrued and otherwise, including the estimated accrued expenses of management and supervision, administration and distribution and any reserves or charges for any or all of the foregoing, whether for taxes, expenses, or otherwise, and the price of Shares redeemed but not paid for) but excluding the Trust's liability upon its Shares and its surplus, by

(ii) the total number of Shares of such series or class outstanding.

The Trustees are empowered, in their absolute discretion, to establish other methods for determining such net asset value whenever such other methods are deemed by them to be necessary to enable the Trust to comply with applicable law, or are deemed by them to be desirable, provided they are not inconsistent with any provision of the 1940 Act.

(d) In determining for the purposes of this Declaration of Trust the total value of the assets of each series or class of Shares at any time, investments and any other assets of such series or class shall be valued in such manner as may be determined from time to time by or pursuant to the order of the Trustees.

(e) Payment of the redemption price by the Trust may be made either in cash or in securities or other assets at the time owned by the Trust or partly in cash and partly in securities or other assets at the time owned by the Trust. The value of any part of such payment to be made in securities or other assets of the Trust shall be the value employed in determining the redemption price. Payment of the redemption price shall be made on or before the seventh day following the day on which the Shares are properly presented for redemption hereunder, except that delivery of any securities included in any such payment shall be made as promptly as any necessary transfers on the books of the issuers whose securities are to be delivered may be made and, except as postponement of the date of payment may be permissible under the 1940 Act.

Pursuant to resolution of the Trustees, the Trust may deduct from the payment made for any Shares redeemed a liquidating charge not in excess of an amount determined by the Trustees from time to time.

(f) The right of any holder of Shares redeemed by the Trust as provided in this Article VI to receive dividends or distributions thereon and all other rights of such Shareholder

with respect to such Shares shall terminate at the time as of which the redemption price of such Shares is determined, except the right of such Shareholder to receive (i) the redemption price of such Shares from the Trust in accordance with the provisions hereof, and (ii) any dividend or distribution to which such Shareholder previously had become entitled as the record holder of such Shares on the record date for such dividend or distribution.

(g) Redemption of Shares by the Trust is conditional upon the Trust having funds or other assets legally available therefor.

(h) The Trust, either directly or through an agent, may repurchase its Shares, out of funds legally available therefor, upon such terms and conditions and for such consideration as the Trustees shall deem advisable, by agreement with the owner at a price not exceeding the net asset value per Share as determined by or pursuant to the order of the Trustees at such time or times as the Trustees shall designate, less any applicable charge, if and as fixed by the Trustees from time to time, and to take all other steps deemed necessary or advisable in connection therewith.

(i) Shares purchased or redeemed by the Trust shall be cancelled or held by the Trust for reissue, as the Trustees from time to time may determine.

(j) The obligations set forth in this Article VI may be suspended or postponed, (1) for any period (i) during which the New York Stock Exchange is closed other than for customary weekend and holiday closings, or (ii) during which trading on the New York Stock Exchange is restricted, (2) for any period during which an emergency exists as a result of which (i) the disposal by the Trust of investments owned by it is not reasonably practicable, or (ii) it is not reasonably practicable for the Trust fairly to determine the value of its net assets, or (3) for such other periods as the Commission or any successor governmental authority by order may permit.

Notwithstanding any other provision of this Section 3 of Article VI, if certificates representing such Shares have been issued, the redemption or repurchase price need not be paid by the Trust until such certificates are presented in proper form for transfer to the Trust or the agent of the Trust appointed for such purpose; however, the redemption or repurchase shall be effective, in accordance with the resolution of the Trustees, regardless of whether or not such presentation has been made.

Section 4. Redemptions at the Option of the Trust. The Trust shall have the right at its option and at any time to redeem Shares of any Shareholder at the net asset value thereof as determined in accordance with Section 3 of Article VI of this

Declaration of Trust: (i) if at such time such Shareholder owns fewer Shares than, or Shares having an aggregate net asset value of less than, an amount determined from time to time by the Trustees; or (ii) to the extent that such Shareholder owns Shares of a particular series or class of Shares equal to or in excess of a percentage of the outstanding Shares of that series or class determined from time to time by the Trustees; or (iii) to the extent that such Shareholder owns Shares of the Trust representing a percentage equal to or in excess of such percentage of the aggregate number of outstanding Shares of the Trust or the aggregate net asset value of the Trust determined from time to time by the Trustees.

Section 5. Dividends, Distributions, Redemptions and Repurchases. No dividend or distribution (including, without limitation, any distribution paid upon termination of the Trust or of any series) with respect to, nor any redemption or repurchase of, the Shares of any series shall be effected by the Trust other than from the assets of such series.

ARTICLE VII

Compensation and Limitation of Liability of Trustees

Section 1. Compensation. The Trustees shall be entitled to reasonable compensation from the Trust and may fix the amount of their compensation.

Section 2. Limitation of Liability. The Trustees shall not be responsible or liable in any event for any neglect or wrongdoing of any officer, agent, employee or Manager of the Trust, nor shall any Trustee be responsible for the act or omission of any other Trustee, but nothing herein contained shall protect any Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

Every note, bond, contract, instrument, certificate, share, or undertaking and every other act or thing whatsoever executed or done by or on behalf of the Trust or the Trustees or any of them in connection with the Trust, shall be deemed conclusively to have been executed or done only in their or his capacity as Trustees or Trustee, and such Trustees or Trustee shall not be personally liable thereon.

ARTICLE VIII

Indemnification

Section 1. Indemnification of Trustees, Officers, Employees and Agents. Each person who is or was a Trustee, officer, employee or agent of the Trust or who serves or has served at the Trust's request as a director, officer or trustee of another entity in which the Trust has or had any interest as a shareholder, creditor or otherwise shall be entitled to indemnification out of the assets of the Trust to the extent provided in, and subject to the provisions of, the By-Laws, provided that no indemnification shall be granted by the Trust in contravention of the 1940 Act.

Section 2. Merged Corporations. For the purposes of this Article VIII references to "the Trust" include any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents as well as the resulting or surviving entity; so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such a constituent corporation as a trustee, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving entity as he would have with respect to such a constituent corporation if its separate existence had continued.

Section 3. Shareholders. In case any Shareholder or former Shareholder shall be held to be personally liable solely by reason of his being or having been a Shareholder and not because of his acts or omissions or for some other reason, 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 the particular series of Shares of which he is or was a Shareholder to be held harmless from and indemnified against all losses and expenses arising from such liability. Upon request, the Trust shall cause its counsel to assume the defense of any claim which, if successful, would result in an obligation of the Trust to indemnify the Shareholder as aforesaid.

ARTICLE IX

Status of the Trust and Other General Provisions

Section 1. Trust Not a Partnership. It is hereby

expressly declared that a trust and not a partnership is created hereby. Neither the Trust nor the Trustees, nor any officer, employee or agent of the Trust shall have any power to bind personally either the Trust's Trustees or officers or any Shareholders. All persons extending credit to, contracting with or having any claim against the Trust or a particular series of Shares shall look only to the assets of the Trust or the assets of that particular series for payment under such credit, contract or claim; and neither the Shareholders nor the Trustees, nor any of the Trust's officers, employees or agents, whether past, present or future, shall be personally liable therefor. Nothing in this Declaration of Trust shall protect any Trustee against any liability to which such Trustee otherwise would 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 hereunder.

Section 2. Trustee's Good Faith Action, Expert Advice, No Bond or Surety. The exercise by the Trustees of their powers and discretion hereunder under the circumstances then prevailing, shall be binding upon everyone interested. A Trustee shall be liable for his or her own willful 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 of judgment or mistakes of fact or law. The Trustees may take advice of counsel or other experts with respect to the meaning and operation of this Declaration of Trust, and subject to the provisions of Section 1 of this Article IX shall be under no liability for any act or omission in accordance with such advice or for failing to follow such advice. The Trustees shall not be required to give any bond as such, nor any surety if a bond is required.

Section 3. 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 pursuant hereto or to see to the application of any payments made or property transferred to the Trust or upon its order.

Section 4. Trustees, Shareholders, etc. Not Personally Liable; Notice. All persons extending credit to, contracting with or having any claim against the Trust or a particular series of Shares shall look only to the assets of the Trust or the assets of that particular series of Shares for payment under such credit, contract or claim; and neither the Shareholders nor the Trustees, nor any of the Trust's officers, employees or agents, whether past, present or future, shall be personally liable therefor.

Section 5. Termination of Trust. Unless terminated as provided herein, the Trust shall continue without limitation of

time. The Trust may be terminated at any time by vote of Shareholders holding at least a majority of the Shares of each series entitled to vote or by the Trustees by written notice to the Shareholders. Any series of Shares may be terminated at any time by vote of Shareholders holding at least a majority of the Shares of such series entitled to vote or by the Trustees by written notice to the Shareholders of such series.

Upon termination of the Trust or of any one or more series of Shares, 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 reduce, in accordance with such procedures as the Trustees consider appropriate, the remaining assets to distributable form in cash or shares or other securities, or any combination thereof, and distribute the proceeds to the Shareholders of the series involved, ratably according to the number of Shares of such series held by the several Shareholders of such series on the date of termination, except to the extent otherwise required or permitted by the preferences and special or relative rights and privileges of any classes of Shares of that series, provided that any distribution to the Shareholders of a particular class of Shares shall be made to such Shareholders pro rata in proportion to the number of Shares of such class held by each of them.

Section 6. Filing of Copies, References, Headings. The original or a copy of this instrument and of each amendment hereto and of each Declaration of Trust supplemental 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 such amendment and supplemental Declaration of Trust shall be filed by the Trust with the Secretary of State of The Commonwealth of Massachusetts and the Boston City Clerk, as well as any other governmental office where such filing may from time to time be required. Anyone dealing with the Trust may rely on a certificate by an officer of the Trust as to whether or not any such amendments or supplemental Declarations of Trust have been made and as to 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 amendment or supplemental Declaration of Trust. In this instrument or in any such amendment or supplemental Declaration of Trust, references to this instrument, and all expressions like "herein," "hereof," and "hereunder," shall be deemed to refer to this instrument as amended or affected by any such amendment or supplemental Declaration of Trust. Headings are placed herein for convenience of reference only and in case of any conflict, the text of this instrument, rather than the headings, shall control. This instrument may be executed in any number of counterparts each of which shall be deemed an original.

Section 7. Applicable Law. The Trust set forth in this instrument is made in The Commonwealth of Massachusetts, and it is created under and is to be governed by and construed and administered according to the laws of said Commonwealth. The Trust shall be of the 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.

Section 8. Amendments. This Declaration of Trust may be amended at any time by an instrument in writing signed by a majority of the then Trustees when authorized so to do by a vote of Shareholders holding a majority of the Shares outstanding and entitled to vote, except that an amendment which shall affect the holders of one or more series or class of Shares but not the holders of all outstanding series or classes of Shares shall be authorized by vote of the Shareholders holding a majority of the Shares entitled to vote of the series or classes affected and no vote of Shareholders of a series or class not affected shall be required. Amendments having the purpose of changing the name of the Trust or of supplying any omission, curing any ambiguity or curing, correcting or supplementing any defective or inconsistent provision contained herein shall not require authorization by Shareholder vote.

IN WITNESS WHEREOF, the undersigned Trustee has hereunto set his hand and seal for himself and his assigns as of the day and year first above written.

/s/ Mark N. Jacobs
Mark N. Jacobs, Trustee
c/o The Dreyfus Corporation
200 Park Avenue, New York, NY 10166

Address of the Trust:
c/o The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Clifford L. Alexander, Jr., Trustee
400 C Street NE
Washington, D.C. 20002

Resident Agent:
CT Corp.
2 Oliver Street
Boston, MA 02109

Peggy C. Davis, Trustee
New York University School of Law
249 Sullivan Street
New York, NY 10021

Saul B. Klamman, Trustee
431-B Dedham Street The Gables
Newton Center, MA 02159

Nathan Leventhal, Trustee
70 Lincoln Center Plaza
New York, NY 10166

Richard J. Moynihan, Trustee
200 Park Avenue
New York, NY 10166

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 14th day of April 1993, before me personally came the above-named Trustee of the Fund, to me known, and known to me to be the person described in and who executed the foregoing instrument, and who duly acknowledged to me that he had executed the same.

Notary Public

PREMIER CALIFORNIA INSURED MUNICIPAL BOND FUND

ARTICLES OF AMENDMENT

Premier California Insured Municipal Bond Fund, a business trust formed by an Agreement and Declaration of Trust dated March 12, 1992, pursuant to the laws of the Commonwealth of Massachusetts (the "Trust"), hereby certifies to the Secretary of State of the Commonwealth of Massachusetts that:

FIRST: The Agreement and Declaration of Trust of the Trust is hereby amended by striking out Article I, Section 1 and inserting in lieu thereof the following:

"Section 1. Name. This Trust shall be known as 'Premier Insured Municipal Bond Fund.'"

SECOND: The amendment to the Agreement and Declaration of Trust herein made was duly approved by a majority of the Board of Trustees of the Trust as of December 15, 1993 pursuant to Article IX, Section 8 of the Agreement and Declaration of Trust.

IN WITNESS WHEREOF, Premier California Insured Municipal Bond Fund has caused these Articles to be signed in its name and on its behalf by its Board of Trustees.

PREMIER CALIFORNIA INSURED
MUNICIPAL BOND FUND

By: /s/ Clifford L. Alexander, Jr.
Clifford L. Alexander, Jr., Trustee

/s/ Peggy C. Davis
Peggy C. Davis, Trustee

/s/ Ernest Kafka
Ernest Kafka, Trustee

/s/ Saul B. Klamman
Saul B. Klamman, Trustee

/s/ Nathan Levanthal
Nathan Levanthal, Trustee

/s/ Richard J. Moynihan
Richard J. Moynihan, Trustee STATE OF NEW YORK)

: ss:

COUNTY OF NEW YORK)

On this 15th day of December 1993, before me personally came Peggy C. Davis, Ernest Kafka, Saul B. Klamman, Nathan Leventhal and Richard J. Moynihan, Trustees of the Fund, to me known, and known to me to be the persons described in and who executed the foregoing instrument, and who duly acknowledged to me that they had executed the same.

Notary Public

BY-LAWS
OF
PREMIER INSURED MUNICIPAL BOND FUND

ARTICLE 1

Agreement and Declaration of Trust and Principal Office

1.1. Agreement and Declaration of Trust. These By-Laws shall be subject to the Agreement and Declaration of Trust, as from time to time in effect (the "Declaration of Trust"), of the above-captioned Massachusetts business trust established by the Declaration of Trust (the "Trust").

1.2. Principal Office of the Trust. The principal office of the Trust shall be located in New York, New York. Its resident agent in Massachusetts shall be CT Corporation System, 2 Oliver Street, Boston, Massachusetts, or such other person as the Trustees from time to time may select.

ARTICLE 2

Meetings of Trustees

2.1. Regular Meetings. Regular meetings of the Trustees may be held without call or notice at such places and at such times as the Trustees from time to time may determine, provided that notice of the first regular meeting following any such determination shall be given to absent Trustees.

2.2. Special Meetings. Special meetings of the Trustees may be held at any time and at any place designated in the call of the meeting when called by the President or the Treasurer or by two or more Trustees, sufficient notice thereof being given to each Trustee by the Secretary or an Assistant Secretary or by the officer or the Trustees calling the meeting.

2.3. Notice of Special Meetings. It shall be sufficient notice to a Trustee of a special meeting to send notice by mail at least forty-eight hours or by telegram at least twenty-four hours before the meeting addressed to the Trustee at his or her usual or last known business or residence address or to give notice to him or her in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any Trustee if a written waiver of notice, executed by

him or her before or after the meeting, is filed with the records of the meeting, or to any Trustee who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him or her. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

2.4. Notice of Certain Actions by Consent. If in accordance with the provisions of the Declaration of Trust any action is taken by the Trustees by a written consent of less than all of the Trustees, then prompt notice of any such action shall be furnished to each Trustee who did not execute such written consent, provided that the effectiveness of such action shall not be impaired by any delay or failure to furnish such notice.

ARTICLE 3 Officers

3.1. Enumeration; Qualification. The officers of the Trust shall be a President, a Treasurer, a Secretary, and such other officers, if any, as the Trustees from time to time may in their discretion elect. The Trust also may have such agents as the Trustees from time to time may in their discretion appoint. Officers may be but need not be a Trustee or shareholder. Any two or more offices may be held by the same person.

3.2. Election. The President, the Treasurer and the Secretary shall be elected by the Trustees upon the occurrence of any vacancy in any such office. Other officers, if any, may be elected or appointed by the Trustees at any time. Vacancies in any such other office may be filled at any time.

3.3. Tenure. The President, Treasurer and Secretary shall hold office in each case until he or she sooner dies, resigns, is removed or becomes disqualified. Each other officer shall hold office and each agent shall retain authority at the pleasure of the Trustees.

3.4. Powers. Subject to the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein and in the Declaration of Trust set forth, such duties and powers as commonly are incident to the office occupied by him or her as if the Trust were organized as a Massachusetts business corporation or such other duties and powers as the Trustees may from time to time designate.

3.5. President. Unless the Trustees otherwise provide, the President shall preside at all meetings of the shareholders and of the Trustees. Unless the Trustees otherwise provide, the President shall be the chief executive officer.

3.6. Treasurer. The Treasurer shall be the chief financial and accounting officer of the Trust, and, subject to the provisions of the Declaration of Trust and to any arrangement made by the Trustees with a custodian, investment adviser or manager, or transfer, shareholder servicing or similar agent, shall be in charge of the valuable papers, books of account and accounting records of the Trust, and shall have such other duties and powers as may be designated from time to time by the Trustees or by the President.

3.7. Secretary. The Secretary shall record all proceedings of the shareholders and the Trustees in books to be kept therefor, which books or a copy thereof shall be kept at the principal office of the Trust. In the absence of the Secretary from any meeting of the shareholders or Trustees, an Assistant Secretary, or if there be none or if he or she is absent, a temporary Secretary chosen at such meeting shall record the proceedings thereof in the aforesaid books.

3.8. Resignations and Removals. Any Trustee or officer may resign at any time by written instrument signed by him or her and delivered to the President or Secretary or to a meeting of the Trustees. Such resignation shall be effective upon receipt unless specified to be effective at some other time. The Trustees may remove any officer elected by them with or without cause. Except to the extent expressly provided in a written agreement with the Trust, no Trustee or officer resigning and no officer removed shall have any right to any compensation for any period following his or her resignation or removal, or any right to damages on account of such removal.

ARTICLE 4 Committees

4.1. Appointment. The Trustees may appoint from their number an executive committee and other committees. Except as the Trustees otherwise may determine, any such committee may make rules for conduct of its business.

4.2. Quorum; Voting. A majority of the members of any Committee of the Trustees shall constitute a quorum for the transaction of business, and any action of such a Committee may be taken at a meeting by a vote of a majority of the members present (a quorum being present).

ARTICLE 5 Reports

The Trustees and officers shall render reports at the time and in the manner required by the Declaration of Trust or any applicable law. Officers and Committees shall render such additional reports as they may deem desirable or as may from time to time be required by the Trustees.

ARTICLE 6
Fiscal Year

The fiscal year of the Trust shall be fixed, and shall be subject to change, by the Board of Trustees.

ARTICLE 7
Seal

The seal of the Trust shall consist of a flat-faced die with the word "Massachusetts," together with the name of the Trust and the year of its organization cut or engraved thereon but, unless otherwise required by the Trustees, the seal shall not be necessary to be placed on, and in its absence shall not impair the validity of, any document, instrument or other paper executed and delivered by or on behalf of the Trust.

ARTICLE 8
Execution of Papers

Except as the Trustees generally or in particular cases may authorize the execution thereof in some other manner, all deeds, leases, contracts, notes and other obligations made by the Trustees shall be signed by the President, any Vice President, or by the Treasurer and need not bear the seal of the Trust.

ARTICLE 9
Issuance of Share Certificates

9.1. Sale of Shares. Except as otherwise determined by the Trustees, the Trust will issue and sell for cash or securities from time to time, full and fractional shares of its shares of beneficial interest, such shares to be issued and sold at a price of not less than net asset value per share as from time to time determined in accordance with the Declaration of Trust and these

By-Laws and, in the case of fractional shares, at a proportionate reduction in such price. In the case of shares sold for securities, such securities shall be valued in accordance with the provisions for determining value of assets of the Trust as stated in the Declaration of Trust and these By-Laws. The officers of the Trust are severally authorized to take all such actions as may be necessary or desirable to carry out this Section 9.1.

9.2. Share Certificates. In lieu of issuing certificates for shares, the Trustees or the transfer agent either may issue receipts therefor or may keep accounts upon the books of the Trust for the record holders of such shares, who shall in either case, for all purposes hereunder, be deemed to be the holders of certificates for such shares as if they had accepted such certificates and shall be held to have expressly assented and agreed to the terms hereof.

The Trustees at any time may authorize the issuance of share certificates. In that event, each shareholder shall be entitled to a certificate stating the number of shares owned by him, in such form as shall be prescribed from time to time by the Trustees. Such certificate shall be signed by the President or Vice President and by the Treasurer or Assistant Treasurer. Such signatures may be facsimile if the certificate is signed by a transfer agent, or by a registrar, other than a Trustee, officer or employee of the Trust. In case any officer who has signed or whose facsimile signature has been placed on such certificate shall cease to be such officer before such certificate is issued, it may be issued by the Trust with the same effect as if he or she were such officer at the time of its issue.

9.3. Loss of Certificates. The Trust, or if any transfer agent is appointed for the Trust, the transfer agent with the approval of any two officers of the Trust, is authorized to issue and countersign replacement certificates for the shares of the Trust which have been lost, stolen or destroyed subject to the deposit of a bond or other indemnity in such form and with such security, if any, as the Trustees may require.

9.4. Discontinuance of Issuance of Certificates. The Trustees at any time may discontinue the issuance of share certificates and by written notice to each shareholder, may require the surrender of share certificates to the Trust for cancellation. Such surrender and cancellation shall not affect the ownership of shares in the Trust.

ARTICLE 10 Indemnification

10.1. Trustees, Officers, etc. The Trust shall indemnify 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 a "Covered Person") against all liabilities and expenses, including but not limited to amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees reasonably 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, except with respect to any matter as to which such Covered Person shall have been finally adjudicated in a decision on the merits in any such action, suit or other proceeding not to have acted in good faith in the reasonable belief that such Covered Person's action was in the best interests of the Trust and except that no Covered Person shall be indemnified against any liability to the Trust or its Shareholders to which such Covered Person would otherwise be subject 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. Expenses, including 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 by the Trust in advance of the final disposition or any such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Covered Person to repay amounts so paid to the Trust if it is ultimately determined that indemnification of such expenses is not authorized under this Article, provided that (a) such Covered Person shall provide security for his undertaking, (b) the Trust shall be insured against losses arising by reason of such Covered Person's failure to fulfill his undertaking, or (c) a majority of the Trustees who are disinterested persons and who are not Interested Persons (as that term is defined in the Investment Company Act of 1940) (provided that a majority of such Trustees then in office act on the matter), or independent legal counsel in a written opinion, shall determine, based on a review of readily available facts (but not a full trial-type inquiry), that there is reason to believe such Covered Person ultimately will be entitled to indemnification.

10.2. Compromise Payment. As to any matter disposed of (whether by a compromise payment, pursuant to a consent decree or otherwise) without an adjudication in a decision on the merits by a court, or by any other body before which the proceeding was brought, that such Covered Person either (a) did not act in good faith in the reasonable belief that such Covered Person's action

was in the best interests of the Trust or (b) is 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, indemnification shall be provided if (a) approved as in the best interest of the Trust, after notice that it involves such indemnification, by at least a majority of the Trustees who are disinterested persons and are not Interested Persons (provided that a majority of such Trustees then in office act on the matter), upon a determination, based upon a review of readily available facts (but not a full trial-type inquiry) that such Covered Person acted in good faith in the reasonable belief that such Covered Person's action was in the best interests of the Trust and is not 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, or (b) there has been obtained an opinion in writing of independent legal counsel, based upon a review of readily available facts (but not a full trial-type inquiry) to the effect that such Covered Person appears to have acted in good faith in the reasonable belief that such Covered Person's action was in the best interests of the Trust and that such indemnification would not protect such Covered Person against any liability to the Trust to which such Covered Person would otherwise be subject by reason of wilful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office. Any approval pursuant to this Section shall not prevent the recovery from any Covered Person of any amount paid to such Covered Person in accordance with this Section 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 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.

10.3. Indemnification Not Exclusive. The right of indemnification hereby provided shall not be exclusive of or affect any other rights to which any such Covered Person may be entitled. As used in this Article 10, the term "Covered Person" shall include such person's heirs, executors and administrators, and a "disinterested person" is a person against whom none of the actions, suits or other proceedings in question or another action, suit, or other proceeding on the same or similar grounds is then or has been pending. 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

such person.

10.4. Limitation. Notwithstanding any provisions in the Declaration of Trust and these By-Laws pertaining to indemnification, all such provisions are limited by the following undertaking set forth in the rules promulgated by the Securities and Exchange Commission:

In the event that a claim for indemnification is asserted by a Trustee, officer or controlling person of the Trust in connection with the registered securities of the Trust, the Trust will not make such indemnification unless (i) the Trust has submitted, before a court or other body, the question of whether the person to be indemnified was liable by reason of wilful misfeasance, bad faith, gross negligence, or reckless disregard of duties, and has obtained a final decision on the merits that such person was not liable by reason of such conduct or (ii) in the absence of such decision, the Trust shall have obtained a reasonable determination, based upon a review of the facts, that such person was not liable by virtue of such conduct, by (a) the vote of a majority of Trustees who are neither interested persons as such term is defined in the Investment Company Act of 1940, nor parties to the proceeding or (b) an independent legal counsel in a written opinion.

The Trust will not advance attorneys' fees or other expenses incurred by the person to be indemnified unless the Trust shall have (i) received an undertaking by or on behalf of such person to repay the advance unless it is ultimately determined that such person is entitled to indemnification and one of the following conditions shall have occurred: (x) such person shall provide security for his undertaking, (y) the Trust shall be insured against losses arising by reason of any lawful advances or (z) a majority of the disinterested, non-party Trustees of the Trust, or an independent legal counsel in a written opinion, shall have determined that based on a review of readily available facts there is reason to believe that such person ultimately will be found entitled to indemnification.

ARTICLE 11 Shareholders

11.1. Meetings. A meeting of the shareholders shall be called by the Secretary whenever ordered by the Trustees, or requested in writing by the holder or holders of at least 10% of the outstanding shares entitled to vote at such meeting. If the meeting is a meeting of the shareholders of one or more series or class of shares, but not a meeting of all shareholders of the

Trust, then only the shareholders of such one or more series or classes shall be entitled to notice of and to vote at the meeting. If the Secretary, when so ordered or requested, refuses or neglects for more than five days to call such meeting, the Trustees, or the shareholders so requesting may, in the name of the Secretary, call the meeting by giving notice thereof in the manner required when notice is given by the Secretary.

11.2. Access to Shareholder List. Shareholders of record may apply to the Trustees for assistance in communicating with other shareholders for the purpose of calling a meeting in order to vote upon the question of removal of a Trustee. When ten or more shareholders of record who have been such for at least six months preceding the date of application and who hold in the aggregate shares having a net asset value of at least \$25,000 or at least 1% of the outstanding shares, whichever is less, so apply, the Trustees shall within five business days either:

(i) afford to such applicants access to a list of names and addresses of all shareholders as recorded on the books of the Trust; or

(ii) inform such applicants of the approximate number of shareholders of record and the approximate cost of mailing material to them and, within a reasonable time thereafter, mail, materials submitted by the applicants, to all such shareholders of record. The Trustees shall not be obligated to mail materials which they believe to be misleading or in violation of applicable law.

11.3. Record Dates. For the purpose of determining the shareholders of any series or class who are entitled to vote or act at any meeting or any adjournment thereof, or who are entitled to receive payment of any dividend or of any other distribution, the Trustees from time to time may fix a time, which shall be not more than 90 days before the date of any meeting of shareholders or the date of payment of any dividend or of any other distribution, as the record date for determining the shareholders of such series or class having the right to notice of and to vote at such meeting and any adjournment thereof or the right to receive such dividend or distribution, and in such case only shareholders of record on such record date shall have such right notwithstanding any transfer of shares on the books of the Trust after the record date; or without fixing such record date the Trustees may for any such purposes close the register or transfer books for all or part of such period.

11.4. Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Trust or at such other place within the United States as shall be designated by the Trustees or the President of the Trust.

11.5. Notice of Meetings. A written notice of each meeting of shareholders, stating the place, date and hour and the purposes of the meeting, shall be given at least ten days before the meeting to each shareholder entitled to vote thereat by leaving such notice with him or at his residence or usual place of business or by mailing it, postage prepaid, and addressed to such shareholder at his address as it appears in the records of the Trust. Such notice shall be given by the Secretary or an Assistant Secretary or by an officer designated by the Trustees. No notice of any meeting of shareholders need be given to a shareholder if a written waiver of notice, executed before or after the meeting by such shareholder or his attorney thereunto duly authorized, is filed with the records of the meeting.

11.6. Ballots. No ballot shall be required for any election unless requested by a shareholder present or represented at the meeting and entitled to vote in the election.

11.7. Proxies. Shareholders entitled to vote may vote either in person or by proxy in writing dated not more than six months before the meeting named therein, which proxies shall be filed with the Secretary or other person responsible to record the proceedings of the meeting before being voted. Unless otherwise specifically limited by their terms, such proxies shall entitle the holders thereof to vote at any adjournment of such meeting but shall not be valid after the final adjournment of such meeting.

ARTICLE 12 Amendments to the By-Laws

These By-Laws may be amended or repealed, in whole or in part, by a majority of the Trustees then in office at any meeting of the Trustees, or by one or more writings signed by such a majority.

Dated: April 14, 1993
As Amended, January 26, 1994

MANAGEMENT AGREEMENT

PREMIER INSURED MUNICIPAL BOND FUND
144 Glenn Curtiss Boulevard
Uniondale, New York 11556-0144

April 21, 1993
As Amended, January 26 , 1994

The Dreyfus Corporation
200 Park Avenue
New York, New York 10166

Dear Sirs:

Premier Insured Municipal Bond Fund, a Massachusetts business trust (the "Fund"), consisting of the series named on Schedule 1 hereto, as such Schedule may be revised from time to time (each, a "Series"), herewith confirms its agreement with you as follows:

The Fund desires to employ its capital by investing and reinvesting the same in investments of the type and in accordance with the limitations specified in its Declaration of Trust and in its Prospectus and Statement of Additional Information as from time to time in effect, copies of which have been or will be submitted to you, and in such manner and to such extent as from time to time may be approved by the Fund's Board. The Fund desires to employ you to act as its investment adviser.

In this connection it is understood that from time to time you will employ or associate with yourself such person or persons as you may believe to be particularly fitted to assist you in the performance of this Agreement. Such person or persons may be officers or employees who are employed by both you and the Fund. The compensation of such person or persons shall be paid by you and no obligation may be incurred on the Fund's behalf in any such respect.

Subject to the supervision and approval of the Fund's Board, you will provide investment management of each Series' portfolio in accordance with such Series' investment objectives

and policies as stated in the Fund's Prospectus and Statement of Additional Information as from time to time in effect. In connection therewith, you will obtain and provide investment research and will supervise each Series' investments and conduct a continuous program of investment, evaluation and, if appropriate, sale and reinvestment of such Series' assets. You will furnish to the Fund such statistical information, with respect to the investments which each Series may hold or contemplate purchasing, as the Fund may reasonably request. The Fund wishes to be informed of important developments materially affecting any Series' portfolio and shall expect you, on your own initiative, to furnish to the Fund from time to time such information as you may believe appropriate for this purpose.

In addition, you will supply office facilities (which may be in your own offices), data processing services, clerical, accounting and bookkeeping services, internal auditing and legal services, internal executive and administrative services, and stationery and office supplies; prepare reports to each Series' shareholders, tax returns, reports to and filings with the Securities and Exchange Commission and state Blue Sky authorities; calculate the net asset value of each Series' shares; and generally assist in all aspects of the Fund's operations.

You shall exercise your best judgment in rendering the services to be provided to the Fund hereunder and the Fund agrees as an inducement to your undertaking the same that you shall not be liable hereunder for any error of judgment or mistake of law or for any loss suffered by one or more Series, provided that nothing herein shall be deemed to protect or purport to protect you against any liability to a Series or to its security holders to which you would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of your duties hereunder, or by reason of your reckless disregard of your obligations and duties hereunder.

In consideration of services rendered pursuant to this Agreement, the Fund will pay you on the first business day of each month a fee at the rate set forth opposite each Series' name on Schedule 1 hereto. Net asset value shall be computed on such days and at such time or times as described in the Fund's then-current Prospectus and Statement of Additional Information. The fee for the period from the date of the commencement of the initial public sale of a Series' shares to the end of the month during which such sale shall have been commenced shall be pro-rated according to the proportion which such period bears to the full monthly period, and upon any termination of this Agreement before the end of any month, the fee for such part of a month shall be pro-rated according to the proportion which such period bears to the full monthly period and shall be payable upon the date of termination of this Agreement.

For the purpose of determining fees payable to you, the value of each Series' net assets shall be computed in the manner specified in the Fund's Declaration of Trust for the computation of the value of each Series' net assets.

You will bear all expenses in connection with the performance of your services under this Agreement. All other expenses to be incurred in the operation of the Fund will be borne by the Fund, except to the extent specifically assumed by you. The expenses to be borne by the Fund include, without limitation, the following: organizational costs, taxes, interest, interest paid on securities sold short, brokerage fees and commissions, if any, fees of Board members who are not your officers, directors or employees or holders of 5% or more of your outstanding voting securities, Securities and Exchange Commission fees and state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of independent pricing services, costs of maintaining the Fund's existence, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of preparing, printing and distributing certain prospectuses and statements of additional information, costs of shareholders' reports and meetings, and any extraordinary expenses.

As to each Series, if in any fiscal year the aggregate expenses of the Series (including fees pursuant to this Agreement, but excluding interest, taxes, brokerage and, with the prior written consent of the necessary state securities commissions, extraordinary expenses) exceed the expense limitation of any state having jurisdiction over the Series, the Fund may deduct from the fees to be paid hereunder, or you will bear, such excess expense to the extent required by state law. Your obligation pursuant hereto will be limited to the amount of your fees hereunder. Such deduction or payment, if any, will be estimated daily, and reconciled and effected or paid, as the case may be, on a monthly basis.

The Fund understands that you now act, and that from time to time hereafter you may act, as investment adviser to one or more other investment companies and fiduciary or other managed accounts, and the Fund has no objection to your so acting, provided that when purchase or sale of securities of the same issuer is suitable for the investment objectives of two or more companies or accounts managed by you which have available funds for investment, the available securities will be allocated in a manner believed by you to be equitable to each company or account.

It is recognized that in some cases this procedure may adversely

affect the price paid or received by one or more Series or the size of the position obtainable for or disposed of by one or more Series.

In addition, it is understood that the persons employed by you to assist in the performance of your duties hereunder will not devote their full time to such service and nothing contained herein shall be deemed to limit or restrict your right or the right of any of your affiliates to engage in and devote time and attention to other businesses or to render services of whatever kind or nature.

You shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except for a loss resulting from willful misfeasance, bad faith or gross negligence on your part in the performance of your duties or from reckless disregard by you of your obligations and duties under this Agreement. Any person, even though also your officer, director, partner, employee or agent, who may be or become an officer, Board member, employee or agent of the Fund, shall be deemed, when rendering services to the Fund or acting on any business of the Fund, to be rendering such services to or acting solely for the Fund and not as your officer, director, partner, employee, or agent or one under your control or direction even though paid by you.

As to each Series, this Agreement shall continue until the date set forth opposite such Series' name on Schedule 1 hereto (the "Reapproval Date") and thereafter shall continue automatically for successive annual periods ending on the day of each year set forth opposite the Series' name on Schedule 1 hereto (the "Reapproval Day"), provided such continuance is specifically approved at least annually by (i) the Fund's Board or (ii) vote of a majority (as defined in the Investment Company Act of 1940) of such Series' outstanding voting securities, provided that in either event its continuance also is approved by a majority of the Fund's Board members who are not "interested persons" (as defined in said Act) of any party to this Agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. As to each Series, this Agreement is terminable without penalty, on 60 days' notice, by the Fund's Board or by vote of holders of a majority of such Series' shares or, upon not less than 90 days' notice, by you. This Agreement also will terminate automatically, as to the relevant Series, in the event of its assignment (as defined in said Act).

This Agreement has been executed on behalf of the Fund by the undersigned officer of the Fund in his capacity as an officer of the Fund. The obligations of this Agreement shall only be binding upon the assets and property of the Fund and shall not

be binding upon any Trustee, officer or shareholder of the Fund individually.

If the foregoing is in accordance with your understanding, will you kindly so indicate by signing and returning to us the enclosed copy hereof.

Very truly yours,

PREMIER INSURED MUNICIPAL BOND FUND

By: _____

Accepted:

THE DREYFUS CORPORATION

By: _____

SCHEDULE 1

Name of Series	Annual Fee as a Percentage of Average Daily Net Assets	Reapproval Date	Reapproval Day
California Series	.55 of 1%	April 21, 1995	April 21
Connecticut Series	.55 of 1%	April 21, 1995	April 21
Florida Series	.55 of 1%	April 21, 1995	April 21
National Series	.55 of 1%	April 21, 1995	April 21
New Jersey Series	.55 of 1%	April 21, 1995	April 21
New York Series	.55 of 1%	April 21, 1995	April 21

DISTRIBUTION AGREEMENT

PREMIER INSURED MUNICIPAL BOND FUND
144 Glenn Curtiss Boulevard
Uniondale, New York 11556-0144

April 21, 1993
As Amended, January 26, 1994

Dreyfus Service Corporation
200 Park Avenue
New York, New York 10166

Dear Sirs:

This is to confirm that, in consideration of the agreements hereinafter contained, the undersigned, Premier Insured Municipal Bond Fund, a Massachusetts business trust (the "Fund"), has agreed that you shall be, for the period of this agreement, the distributor of shares of beneficial interest of each Series of the Fund set forth on Exhibit A hereto, as such Exhibit may be revised from time to time (each, a "Series").

1. Services as Distributor

1.1 You will act as agent for the distribution of shares of each Series covered by, and in accordance with, the registration statement and prospectus then in effect under the Securities Act of 1933, as amended, and will transmit promptly any orders received by you for purchase or redemption of shares of each Series to the Transfer and Dividend Disbursing Agent for the Fund of which the Fund has notified you in writing.

1.2 You agree to use your best efforts to solicit orders for the sale of shares of each Series. It is contemplated that you will enter into sales or servicing agreements with securities dealers, financial institutions and other industry professionals, such as investment advisers, accountants and estate planning firms, and in so doing you will act only on your own behalf as principal.

1.3 You shall act as distributor of each Series' shares in compliance with all applicable laws, rules and regulations, including, without limitation, all rules and regulations made or adopted pursuant to the Investment Company Act of 1940, as amended, by the Securities and Ex-

change Commission or any securities association registered under the Securities Exchange Act of 1934, as amended.

1.4 Whenever in their judgment such action is warranted by market, economic or political conditions, or by abnormal circumstances of any kind, the Fund's officers may decline to accept any orders for, or make any sales of, any Series' shares until such time as they deem it advisable to accept such orders and to make such sales and the Fund shall advise you promptly of such determination.

1.5 The Fund agrees to pay all costs and expenses in connection with the registration of its shares under the Securities Act of 1933, as amended, and all expenses in connection with maintaining facilities for the issue and transfer of a Series' shares and for supplying information, prices and other data to be furnished by the Fund hereunder, and all expenses in connection with the preparation and printing of the Fund's prospectuses and statements of additional information for regulatory purposes and for distribution to shareholders; provided however, that nothing contained herein shall be deemed to require the Fund to pay any of the costs of advertising the sale of the Series' shares.

1.6 The Fund agrees to execute any and all documents and to furnish any and all information and otherwise to take all actions which may be reasonably necessary in the discretion of the Fund's officers in connection with the qualification of the Fund's shares for sale in such states as you may designate to the Fund and the Fund may approve, and the Fund agrees to pay all expenses which may be incurred in connection with such qualification. You shall pay all expenses connected with your own qualification as a dealer under state or Federal laws and, except as otherwise specifically provided in this agreement, all other expenses incurred by you in connection with the sale of each Series' shares as contemplated in this agreement.

1.7 The Fund shall furnish you from time to time, for use in connection with the sale of each Series' shares, such information with respect to such Series and its shares as you may reasonably request, all of which shall be signed by one or more of the Fund's duly authorized officers; and the Fund warrants that the statements contained in any such information, when so signed by the Fund's officers, shall be true and correct. The Fund also shall furnish you upon request with: (a) semi-annual reports and annual audited reports of the Fund's books and accounts made by independent public accountants regularly retained by the Fund, (b) quarterly earnings statements prepared by the Fund, (c) a monthly itemized list of the securities in each Series' portfolio, (d) monthly balance sheets as soon as practicable after the end of each month, and (e) from time to time such additional information regarding the Fund's financial condition as you may reasonably request.

1.8 The Fund represents to you that all registration statements and prospectuses filed by the Fund with the Securities and Exchange Commission under the Securities Act of 1933, as amended, with respect to the

Series' shares have been carefully prepared in conformity with the requirements of said Act and rules and regulations of the Securities and Exchange Commission thereunder. As used in this agreement the terms "registration statement" and "prospectus" shall mean any registration statement and prospectus, including the statement of additional information incorporated by reference therein, filed with the Securities and Exchange Commission and any amendments and supplements thereto which at any time shall have been filed with said Commission. The Fund represents and warrants to you that any registration statement and prospectus, when such registration statement becomes effective, will contain all statements required to be stated therein in conformity with said Act and the rules and regulations of said Commission; that all statements of fact contained in any such registration statement and prospectus will be true and correct when such registration statement becomes effective; and that neither any registration statement nor any prospectus when such registration statement becomes effective will include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Fund may but shall not be obligated to propose from time to time such amendment or amendments to any registration statement and such supplement or supplements to any prospectus as, in the light of future developments, may, in the opinion of the Fund's counsel, be necessary or advisable. If the Fund shall not propose such amendment or amendments and/or supplement or supplements within fifteen days after receipt by the Fund of a written request from you to do so, you may, at your option, terminate this agreement or decline to make offers of the Fund's securities until such amendments are made. The Fund shall not file any amendment to any registration statement or supplement to any prospectus without giving you reasonable notice thereof in advance; provided, however, that nothing contained in this agreement shall in any way limit the Fund's right to file at any time such amendments to any registration statement and/or supplements to any prospectus, of whatever character, as the Fund may deem advisable, such right being in all respects absolute and unconditional.

1.9 The Fund authorizes you to use any prospectus in the form furnished to you from time to time, in connection with the sale of each Series' shares. The Fund agrees to indemnify, defend and hold you, your several officers and directors, and any person who controls you within the meaning of Section 15 of the Securities Act of 1933, as amended, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which you, your officers and directors, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law or otherwise, arising out of or based upon any untrue statement, or alleged untrue statement, of a material fact contained in any registration statement or any prospectus or arising out of or based upon any omission, or alleged omission, to state a material fact required to be stated in either any registration statement or any prospectus or necessary to make the statements in either thereof not misleading; provided, however,

that the Fund's agreement to indemnify you, your officers or directors, and any such controlling person shall not be deemed to cover any claims, demands, liabilities or expenses arising out of any untrue statement or alleged untrue statement or omission or alleged omission made in any registration statement or prospectus in reliance upon and in conformity with written information furnished to the Fund by you specifically for use in the preparation thereof. The Fund's agreement to indemnify you, your officers and directors, and any such controlling person, as aforesaid, is expressly conditioned upon the Fund's being notified of any action brought against you, your officers or directors, or any such controlling person, such notification to be given by letter or by telegram addressed to the Fund at its office in Uniondale, New York within ten days after the summons or other first legal process shall have been served. The failure so to notify the Fund of any such action shall not relieve the Fund from any liability which the Fund may have to the person against whom such action is brought by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of the Fund's indemnity agreement contained in this paragraph 1.9. The Fund will be entitled to assume the defense of any suit brought to enforce any such claim, demand or liability, but, in such case, such defense shall be conducted by counsel of good standing chosen by the Fund and approved by you. In the event the Fund elects to assume the defense of any such suit and retain counsel of good standing approved by you, the defendant or defendants in such suit shall bear the fees and expenses of any additional counsel retained by any of them; but in case the Fund does not elect to assume the defense of any such suit, or in case you do not approve of counsel chosen by the Fund, the Fund will reimburse you, your officers and directors, or the controlling person or persons named as defendant or defendants in such suit, for the fees and expenses of any counsel retained by you or them. The Fund's indemnification agreement contained in this paragraph 1.9 and the Fund's representations and warranties in this agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of you, your officers and directors, or any controlling person, and shall survive the delivery of any Series' shares. This agreement of indemnity will inure exclusively to your benefit, to the benefit of your several officers and directors, and their respective estates, and to the benefit of any controlling persons and their successors. The Fund agrees promptly to notify you of the commencement of any litigation or proceedings against the Fund or any of its officers or Board members in connection with the issue and sale of any Series' shares.

1.10 You agree to indemnify, defend and hold the Fund, its several officers and Board members, and any person who controls the Fund within the meaning of Section 15 of the Securities Act of 1933, as amended, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers or Board members, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its officers or Board members, or such con-

trolling person resulting from such claims or demands, shall arise out of or be based upon any untrue, or alleged untrue, statement of a material fact contained in information furnished in writing by you to the Fund specifically for use in the Fund's registration statement and used in the answers to any of the items of the registration statement or in the corresponding statements made in the prospectus, or shall arise out of or be based upon any omission, or alleged omission, to state a material fact in connection with such information furnished in writing by you to the Fund and required to be stated in such answers or necessary to make such information not misleading. Your agreement to indemnify the Fund, its officers and Board members, and any such controlling person, as aforesaid, is expressly conditioned upon your being notified of any action brought against the Fund, its officers or Board members, or any such controlling person, such notification to be given by letter or telegram addressed to you at your principal office in New York, New York within ten days after the summons or other first legal process shall have been served. You shall have the right to control the defense of such action, with counsel of your own choosing, satisfactory to the Fund, if such action is based solely upon such alleged misstatement or omission on your part, and in any other event the Fund, its officers or Board members, or such controlling person shall each have the right to participate in the defense or preparation of the defense of any such action. The failure so to notify you of any such action shall not relieve you from any liability which you may have to the Fund, its officers or Board members, or to such controlling person by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of your indemnity agreement contained in this paragraph 1.10.

1.11 No shares of a Series shall be offered by either you or the Fund under any of the provisions of this agreement and no orders for the purchase or sale of such shares hereunder shall be accepted by the Fund if and so long as the effectiveness of the registration statement then in effect or any necessary amendments thereto shall be suspended under any of the provisions of the Securities Act of 1933, as amended, or if and so long as a current prospectus as required by Section 10 of said Act, as amended, is not on file with the Securities and Exchange Commission; provided, however, that nothing contained in this paragraph 1.11 shall in any way restrict or have an application to or bearing upon the Fund's obligation to repurchase any Series' shares from any shareholder in accordance with the provisions of the Fund's prospectus or Agreement and Declaration of Trust.

1.12 The Fund agrees to advise you immediately in writing:

(a) of any request by the Securities and Exchange Commission for amendments to the registration statement or prospectus then in effect or for additional information;

(b) in the event of the issuance by the Securities and Exchange Commission of any stop order suspending the effectiveness of the registration statement or prospectus then in effect or the initiation of any proceeding for that purpose;

(c) of the happening of any event which makes untrue any statement of a material fact made in the registration statement or prospectus then in effect or which requires the making of a change in such registration statement or prospectus in order to make the statements therein not misleading; and

(d) of all actions of the Securities and Exchange Commission with respect to any amendments to any registration statement or prospectus which may from time to time be filed with the Securities and Exchange Commission.

2. Sales Load; CDSC

Class A shares of the Fund offered for sale by you shall be offered for sale at a price per share (the "offering price") approximately equal to (a) their net asset value (determined in the manner set forth in the Fund's Agreement and Declaration of Trust) plus, except to those persons set forth in the then-current prospectus, (b) a sales charge which shall be the percentage of the offering price of such shares as set forth in the Fund's then-current prospectus. The offering price, if not an exact multiple of one cent, shall be adjusted to the nearest cent. Class B shares of the Fund offered for sale by you shall be offered for sale at the price per share set forth in clause (a) above, subject to a contingent deferred sales charge as set forth in the Fund's then-current prospectus.

3. Term

As to each Series, this agreement shall continue until the date set forth opposite such Series' name on Exhibit A hereto (the "Reapproval Date"), and thereafter shall continue automatically for successive annual periods ending on the day of each year set forth opposite such Series' name on Exhibit A hereto (the "Reapproval Day"), provided such continuance is specifically approved at least annually by (i) the Fund's Board or (ii) vote of a majority (as defined in the Investment Company Act of 1940) of such Series' outstanding voting securities, provided that in either event its continuance also is approved by a majority of the Board members who are not "interested persons" (as defined in said Act) of any party to this agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. This agreement is terminable without penalty, on 60 days' notice, by vote of holders of a majority of the Fund's shares, and, as to each Series, by the Fund's Board, or by you. This agreement also will terminate automatically, as to the relevant Series, in the event of its assignment (as defined in said Act).

4. Miscellaneous

This agreement has been executed on behalf of the Fund by the undersigned officer of the Fund in his capacity as an officer of the Fund. The obligations of this agreement shall only be binding upon the assets and property of the Fund and shall not be binding upon any Trustee,

officer or shareholder of the Fund individually.

Please confirm that the foregoing is in accordance with your understanding and indicate your acceptance hereof by signing below, whereupon it shall become a binding agreement between us.

Very truly yours,

PREMIER INSURED MUNICIPAL BOND FUND

By:

Accepted:

DREYFUS SERVICE CORPORATION

By: _____

EXHIBIT A

Name of Series	Reapproval Date	Reapproval Day
California Series	April 21, 1995	April 21
Connecticut Series	April 21, 1995	April 21
Florida Series	April 21, 1995	April 21
National Series	April 21, 1995	April 21
New Jersey Series	April 21, 1995	April 21
New York Series	April 21, 1995	April 21

CUSTODY AGREEMENT

Custody Agreement made as of April 23, 1993, as amended January 26, 1994, between PREMIER INSURED MUNICIPAL BOND FUND, a business trust organized and existing under the laws of the Commonwealth of Massachusetts, having its principal office and place of business at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144 (hereinafter called the "Fund"), and THE BANK OF NEW YORK, a New York corporation authorized to do a banking business, having its principal office and place of business at 110 Washington Street, New York, New York 10286 (hereinafter called the "Custodian").

W I T N E S S E T H :

that for and in consideration of the mutual promises hereinafter set forth the Fund and the Custodian agree as follows:

ARTICLE I

DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

1. "Authorized Person" shall be deemed to include the Treasurer, the Controller or any other person, whether or not any such person is an Officer or employee of the Fund, duly authorized by the Trustees of the Fund to give Oral Instructions and Written Instructions on behalf of the Fund and listed in the Certificate annexed hereto as Appendix A or such other Certificate as may be received by the Custodian from time to time.
2. "Available Balance" shall mean for any given day during a calendar year the aggregate amount of Federal Funds held in the Fund's custody account(s) at The Bank of New York, or its successors, as of the close of such day or, if such day is not a business day, the close of the preceding business day.
3. "Bankruptcy" shall mean with respect to a party such party's making a general assignment, arrangement or composition with or for the benefit of its creditors, or instituting or having instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or the entry of an order for relief under the Federal bankruptcy law or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or if a petition is presented for the winding up or liquidation of

the party or a resolution is passed for its winding up or liquidation, or it seeks, or becomes subject to, the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets or its taking any action in furtherance of, or indicating its consent to approval of, or acquiescence in, any of the foregoing.

4. "Book-Entry System" shall mean the Federal Reserve/Treasury book-entry system for United States and Federal agency securities, its successor or successors and its nominee or nominees.

5. "Call Option" shall mean an exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts and Futures Contract Options entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying Securities.

6. "Certificate" shall mean any notice, instruction, or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, which is actually received by the Custodian and signed on behalf of the Fund by any two Officers of the Fund.

7. "Clearing Member" shall mean a registered broker-dealer which is a clearing member under the rules of O.C.C. and a member of a national securities exchange qualified to act as a custodian for an investment company, or any broker-dealer reasonably believed by the Custodian to be such a clearing member.

8. "Collateral Account" shall mean a segregated account so denominated and pledged to the Custodian as security for, and in consideration of, the Custodian's issuance of (a) any Put Option guarantee letter or similar document described in paragraph 8 of Article V herein, or (b) any receipt described in Article V or VIII herein.

9. "Consumer Price Index" shall mean the U.S. Consumer Price Index, all items and all urban consumers, U.S. city average 1982-84 equals 100, as first published without seasonal adjustment by the Bureau of Labor Statistics, the Department of Labor, without regard to subsequent revisions or corrections by such Bureau.

10. "Covered Call Option" shall mean an exchange traded option entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified Securities (excluding Futures Contracts) which are owned by the writer thereof and subject to appropriate restrictions.

11. "Depository" shall mean The Depository Trust Company ("DTC"), a clearing agency registered with the Securities and Exchange Commission, its successor or successors and its nominee or nominees, provided the Custodian has received a certified copy of a resolution of the Fund's Trustees specifically approving deposits in DTC. The term

"Depository" shall further mean and include any other person authorized to act as a depository under the Investment Company Act of 1940, its successor or successors and its nominee or nominees, specifically identified in a certified copy of a resolution of the Fund's Trustees specifically approving deposits therein by the Custodian.

12. "Earnings Credit" shall mean for any given day during a calendar year the product of (a) the Federal Funds Rate for such date minus .25%, and (b) 82% of the Available Balance.

13. "Federal Funds" shall mean immediately available same day funds.

14. "Federal Funds Rate" shall mean, for any day, the Federal Funds (Effective) interest rate so denominated as published in Federal Reserve Statistical Release H.15 (519) and applicable to such day and each succeeding day which is not a business day.

15. "Financial Futures Contract" shall mean the firm commitment to buy or sell fixed income securities, including, without limitation, U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, domestic bank certificates of deposit, and Eurodollar certificates of deposit, during a specified month at an agreed upon price.

16. "Futures Contract" shall mean a Financial Futures Contract and/or Stock Index Futures Contracts.

17. "Futures Contract Option" shall mean an option with respect to a Futures Contract.

18. "Margin Account" shall mean a segregated account in the name of a broker, dealer, futures commission merchant or Clearing Member, or in the name of the Fund for the benefit of a broker, dealer, futures commission merchant or Clearing Member, or otherwise, in accordance with an agreement between the Fund, the Custodian and a broker, dealer, futures commission merchant or Clearing Member (a "Margin Account Agreement"), separate and distinct from the custody account, in which certain Securities and/or money of the Fund shall be deposited and withdrawn from time to time in connection with such transactions as the Fund may from time to time determine. Securities held in the Book-Entry System or the Depository shall be deemed to have been deposited in, or withdrawn from, a Margin Account upon the Custodian's effecting an appropriate entry on its books and records.

19. "Merger" shall mean with respect to a party, the consolidation or amalgamation with, merger into, or transfer of all or substantially all of such party's assets to, another entity, where such party is not the surviving entity.

20. "Money Market Security" shall be deemed to include, without limitation, debt obligations issued or guaranteed as to principal

and interest by the government of the United States or agencies or instrumentalities thereof, commercial paper, certificates of deposit and bankers' acceptances, repurchase and reverse repurchase agreements with respect to the same and bank time deposits, where the purchase and sale of such securities ordinarily requires settlement in Federal funds on the same date as such purchase or sale.

21. "O.C.C." shall mean Options Clearing Corporation, a clearing agency registered under Section 17A of the Securities Exchange Act of 1934, its successor or successors, and its nominee or nominees.

22. "Officers" shall be deemed to include the President, any Vice President, the Secretary, the Treasurer, the Controller, any Assistant Secretary, any Assistant Treasurer or any other person or persons duly authorized by the Trustees of the Fund to execute any Certificate, instruction, notice or other instrument on behalf of the Fund and listed in the Certificate annexed hereto as Appendix B or such other Certificate as may be received by the Custodian from time to time.

23. "Option" shall mean a Call Option, Covered Call Option, Stock Index Option and/or a Put Option.

24. "Oral Instructions" shall mean verbal instructions actually received by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person.

25. "Put Option" shall mean an exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and tender of the specified underlying Securities, to sell such Securities to the writer thereof for the exercise price.

26. "Reverse Repurchase Agreement" shall mean an agreement pursuant to which the Fund sells Securities and agrees to repurchase such Securities at a described or specified date and price.

27. "Security" shall be deemed to include, without limitation, Money Market Securities, Call Options, Put Options, Stock Index Options, Stock Index Futures Contracts, Stock Index Futures Contract Options, Financial Futures Contracts, Financial Futures Contract Options, Reverse Repurchase Agreements, common stock and other instruments or rights having characteristics similar to common stocks, preferred stocks, debt obligations issued by state or municipal governments and by public authorities (including, without limitation, general obligation bonds, revenue bonds and industrial bonds and industrial development bonds), bonds, debentures, notes, mortgages or other obligations, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase, sell or subscribe for the same, or evidencing or representing any other rights or interest therein, or any property or assets.

28. "Segregated Security Account" shall mean an account maintained under the terms of this Agreement as a segregated account, by recordation or otherwise, within the custody account in which certain Securities and/or other assets of the Fund shall be deposited and withdrawn from time to time in accordance with Certificates received by the Custodian in connection with such transactions as the Fund may from time to time determine.

29. "Series" shall mean the Series of the Funds specified on Appendix D hereto, or, where the context requires each such Series.

30. "Shares" shall mean the shares of Common Stock of any Series of the Fund, each of which is allocated to a particular Series.

31. "Stock Index Futures Contract" shall mean a bilateral agreement pursuant to which the parties agree to take or make delivery of an amount of cash equal to a specified dollar amount times the difference between the value of a particular stock index at the close of the last business day of the contract and the price at which the futures contract is originally struck.

32. "Stock Index Option" shall mean an exchange traded option entitling the holder, upon timely exercise, to receive an amount of cash determined by reference to the difference between the exercise price and the value of the index on the date of exercise.

33. "Written Instructions" shall mean written communications actually received by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person by telex or any other such system whereby the receiver of such communications is able to verify by codes or otherwise with a reasonable degree of certainty the authenticity of the sender of such communication.

ARTICLE II

APPOINTMENT OF CUSTODIAN

1. The Fund hereby constitutes and appoints the Custodian as custodian of all the Securities and moneys at any time owned by the Fund during the period of this Agreement, except that (a) if the Custodian fails to provide for the custody of any of the Fund's Securities and moneys located or to be located outside the United States in a manner satisfactory to the Fund, the Fund shall be permitted to arrange for the custody of such Securities and moneys located or to be located outside the United States other than through the Custodian at rates to be negotiated and borne by the Fund and (b) if the Custodian fails to continue any existing sub-custodial or similar arrangements on substantially the same terms as exist on the date of this Agreement, the Fund shall be permitted to arrange for such or similar services other than through the Custodian at rates to be negotiated and borne by the Fund. The Custodian shall not charge the Fund for any such terminated services after the date of such termination.

2. The Custodian hereby accepts appointment as such custodian and agrees to perform the duties thereof as hereinafter set forth.

ARTICLE III

CUSTODY OF CASH AND SECURITIES

1. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, the Fund will deliver or cause to be delivered to the Custodian all Securities and all moneys owned by any Series, including cash received for the issuance of such Series' shares, at any time during the period of this Agreement and shall specify the Series to which the same are to be specifically allocated. The Custodian will not be responsible for such Securities and such moneys until actually received by it. The Custodian will be entitled to reverse any credits made on a Series' behalf where such credits have been previously made and moneys are not finally collected. The Fund shall deliver to the Custodian a certified resolution of the Trustees of the Fund approving, authorizing and instructing the Custodian on a continuous and on-going basis to deposit in the Book-Entry System all Securities eligible for deposit therein and to utilize the Book-Entry System to the extent possible in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of Securities collateral. Prior to a deposit of Securities of a Series in the Depository, the Fund shall deliver to the Custodian a certified resolution of the Trustees of the Fund approving, authorizing and instructing the Custodian on a continuous and on-going basis until instructed to the contrary by a Certificate actually received by the Custodian to deposit in the Depository all Securities eligible for deposit therein and to utilize the Depository to the extent possible in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of Securities collateral. Securities and moneys of such Series deposited in either the Book-Entry System or the Depository will be represented in accounts which include only assets held by the Custodian for customers, including, but not limited to, accounts in which the Custodian acts in a fiduciary or representative capacity. Prior to the Custodian's accepting, utilizing and acting with respect to Clearing Member confirmations for Options and transactions in Options as provided in this Agreement, the Custodian shall have received a certified resolution of the Fund's Board of Trustees approving, authorizing and instructing the Custodian on a continuous and on-going basis, until instructed to the contrary by a Certificate actually received by the Custodian, to accept, utilize and act in accordance with such confirmations as provided in this Agreement.

2. The Custodian shall credit to a separate account in the name of the Fund for each Series all moneys received by it for the account of the Fund, with respect to such Series. Money credited to the separate

account for a Series shall be disbursed by the Custodian only:

- (a) In payment for Securities purchased, as provided in Article IV hereof;
- (b) In payment of dividends or distributions, as provided in Article XI hereof;
- (c) In payment of original issue or other taxes, as provided in Article XII hereof;
- (d) In payment for Shares redeemed by it, as provided in Article XII hereof;
- (e) Pursuant to Certificates setting forth the name and address of the person to whom the payment is to be made, the Series account from which payment is to be made and the purpose for which payment is to be made; or
- (f) In payment of the fees and in reimbursement of the expenses and liabilities of the Custodian, as provided in Article XV hereof.

3. Promptly after the close of business on each day, the Custodian shall furnish the Fund with confirmations and a summary of all transfers to or from the account of each Series during said day. Where Securities are transferred to the account of a Series, the Custodian shall also by book-entry or otherwise identify as belonging to such Series a quantity of Securities in a fungible bulk of Securities registered in the name of the Custodian (or its nominee) or shown on the Custodian's account on the books of the Book-Entry System or the Depository. At least monthly and from time to time, the Custodian shall furnish the Fund with a detailed statement of the Securities and moneys held for each Series under this Agreement.

4. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, all Securities held for a Series, which are issued or issuable only in bearer form, except such Securities as are held in the Book-Entry System, shall be held by the Custodian in that form; all other Securities held for a Series may be registered in the name of such Series, in the name of any duly appointed registered nominee of the Custodian as the Custodian may from time to time determine, or in the name of the Book-Entry System or the Depository or their successor or successors, or their nominee or nominees. The Fund agrees to furnish to the Custodian appropriate instruments to enable the Custodian to hold or deliver in proper form for transfer, or to register in the name of its registered nominee or in the name of the Book-Entry System or the Depository, any Securities which it may hold for the account of a Series and which may from time to time be registered in the name of such Series. The Custodian shall hold all such Securities which are not held in the Book-Entry System or in the Depository in a separate account in the name of such Series physically segregated at all

times from those of any other person or persons.

5. Except as otherwise provided in this Agreement and unless otherwise instructed to the contrary by a Certificate, the Custodian by itself, or through the use of the Book-Entry System or the Depository with respect to Securities therein deposited, shall with respect to all Securities held for each Series in accordance with this Agreement:

(a) Collect all income due or payable and, in any event, if the Custodian receives a written notice from the Fund specifying that an amount of income should have been received by the Custodian within the last 90 days, the Custodian will provide a conditional payment of income within 60 days from the date the Custodian received such notice, unless the Custodian reasonably concludes that such income was not due or payable to the Fund, provided that the Custodian may reverse any such conditional payment upon its reasonably concluding that all or any portion of such income was not due or payable, and provided further that the Custodian shall not be liable for failing to collect on a timely basis the full amount of income due or payable in respect of a "floating rate instrument" or "variable rate instrument" (as such terms are defined under Rule 2a-7 under the Investment Company Act of 1940, as amended) if it has acted in good faith, without negligence or willful misconduct.

(b) Present for payment and collect the amount payable upon such Securities which are called, but only if either (i) the Custodian receives a written notice of such call, or (ii) notice of such call appears in one or more of the publications listed in Appendix C annexed hereto, which may be amended at any time by the Custodian upon five business days' prior notification to the Fund;

(c) Present for payment and collect the amount payable upon all Securities which may mature;

(d) Surrender Securities in temporary form for definitive Securities;

(e) Execute, as Custodian, any necessary declarations or certificates of ownership under the Federal Income Tax Laws or the laws or regulations of any other taxing authority now or hereafter in effect; and

(f) Hold directly, or through the Book-Entry System or the Depository with respect to Securities therein deposited, for the account of each Series all rights and similar securities issued with respect to any Securities held by the Custodian hereunder.

6. Upon receipt of a Certificate and not otherwise, the Custodian, directly or through the use of the Book-Entry System or the Depository, shall:

(a) Execute and deliver to such persons as may be designated in such Certificate proxies, consents, authorizations, and any other instruments whereby the authority of the Fund as owner of any Securities may

be exercised;

(b) Deliver any Securities held for the Series in exchange for other Securities or cash issued or paid in connection with the liquidation, reorganization, refinancing, merger, consolidation or recapitalization of any corporation, or the exercise of any conversion privilege;

(c) Deliver any Securities held for the Series to any protective committee, reorganization committee or other person in connection with the reorganization, refinancing, merger, consolidation, recapitalization or sale of assets of any corporation, and receive and hold under the terms of this Agreement such certificates of deposit, interim receipts or other instruments or documents as may be issued to it to evidence such delivery;

(d) Make such transfers or exchanges of the assets of the Series and take such other steps as shall be stated in said order to be for the purpose of effectuating any duly authorized plan of liquidation, reorganization, merger, consolidation or recapitalization of the Fund; and

(e) Present for payment and collect the amount payable upon Securities not described in preceding paragraph 5(b) of this Article which may be called as specified in the Certificate.

7. Notwithstanding any provision elsewhere contained herein, the Custodian shall not be required to obtain possession of any instrument or certificate representing any Futures Contract, Option or Futures Contract Option until after it shall have determined, or shall have received a Certificate from the Fund stating, that any such instruments or certificates are available. The Fund shall deliver to the Custodian such a Certificate no later than the business day preceding the availability of any such instrument or certificate. Prior to such availability, the Custodian shall comply with Section 17(f) of the Investment Company Act of 1940, as amended, in connection with the purchase, sale, settlement, closing out or writing of Futures Contracts, Options or Futures Contract Options by making payments or deliveries specified in Certificates received by the Custodian in connection with any such purchase, sale, writing, settlement or closing out upon its receipt from a broker, dealer or futures commission merchant of a statement or confirmation reasonably believed by the Custodian to be in the form customarily used by brokers, dealers, or futures commission merchants with respect to such Futures Contracts, Options or Futures Contract Options, as the case may be, confirming that such Security is held by such broker, dealer or futures commission merchant, in book-entry form or otherwise, in the name of the Custodian (or any nominee of the Custodian) as custodian for the Fund, provided, however, that payments to or deliveries from the Margin Account shall be made in accordance with the terms and conditions of the Margin Account Agreement. Whenever any such instruments or certificates are available, the Custodian shall, notwithstanding any provision in this Agreement to the contrary, make payment for any Futures Contract, Option or Futures Contract Option for

which such instruments or such certificates are available only against the delivery to the Custodian of such instrument or such certificate, and deliver any Futures Contract, Option or Futures Contract Option for which such instruments or such certificates are available only against receipt by the Custodian of payment therefor. Any such instrument or certificate delivered to the Custodian shall be held by the Custodian hereunder in accordance with, and subject to, the provisions of this Agreement.

ARTICLE IV

PURCHASE AND SALE OF INVESTMENTS OF THE FUND OTHER THAN OPTIONS, FUTURES CONTRACTS, FUTURES CONTRACT OPTIONS AND REVERSE REPURCHASE AGREEMENTS

1. Promptly after each purchase of Securities by the Fund, other than a purchase of any Option, Futures Contract, Futures Contract Option or Reverse Repurchase Agreement, the Fund shall deliver to the Custodian (i) with respect to each purchase of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each purchase of Money Market Securities, a Certificate, Oral Instructions or Written Instructions, specifying with respect to each such purchase: (a) the Series to which the Securities purchased are to be specifically allocated; (b) the name of the issuer and the title of the Securities; (c) the number of shares or the principal amount purchased and accrued interest, if any; (d) the date of purchase and settlement; (e) the purchase price per unit; (f) the total amount payable upon such purchase; (g) the name of the person from whom or the broker through whom the purchase was made, and the name of the clearing broker, if any; and (h) the name of the broker to which payment is to be made. The Custodian shall, upon receipt of Securities purchased by or for such Series, pay out of the moneys held for the account of such Series the total amount payable to the person from whom, or the broker through whom, the purchase was made, provided that the same conforms to the total amount payable as set forth in such Certificate, Oral Instructions or Written Instructions.

2. Promptly after each sale of Securities by the Fund, other than a sale of any Option, Futures Contract, Futures Contract Option or Reverse Repurchase Agreement, the Fund shall deliver to the Custodian (i) with respect to each sale of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each sale of Money Market Securities, a Certificate, Oral Instructions or Written Instructions, specifying with respect to each such sale: (a) the Series to which such Securities sold were specifically allocated; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest, if any; (d) the date of sale; (e) the sale price per unit; (f) the total amount payable to such Series upon such sale; (g) the name of the broker through whom or the person to whom the sale was made, and the name of the clearing broker, if any; and (h) the name of the broker to whom the Securities are to be delivered. The Custodian shall deliver the Securities upon receipt of the total amount payable to the Fund for the account of such Series upon such sale, provided that the same conforms to

the total amount payable as set forth in such Certificate, Oral Instructions or Written Instructions. Subject to the foregoing, the Custodian may accept payment in such form as shall be satisfactory to it, and may deliver Securities and arrange for payment in accordance with the customs prevailing among dealers in Securities.

ARTICLE V

OPTIONS

1. Promptly after the purchase of any Option by the Fund, the Fund shall deliver to the Custodian a Certificate specifying with respect to each Option purchased: (a) the Series to which the Option purchased is to be specifically allocated; (b) the type of Option (put or call); (c) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the total amount payable by the Fund for the account of such Series in connection with such purchase; (h) the name of the Clearing Member through which such Option was purchased; and (i) the name of the broker to whom payment is to be made. The Custodian shall pay, upon receipt of a Clearing Member's statement confirming the purchase of such Option held by such Clearing Member for the account of the Custodian (or any duly appointed and registered nominee of the Custodian) as custodian for the Fund, out of moneys held for the account of such Series, the total amount payable upon such purchase to the Clearing Member through whom the purchase was made, provided that the same conforms to the total amount payable as set forth in such Certificate.

2. Promptly after the sale of any Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to each such sale: (a) the Series to which the Option sold was specifically allocated; (b) the type of Option (put or call); (c) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options sold; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund for the account of such Series upon such sale; and (h) the name of the Clearing Member through which the sale was made. The Custodian shall consent to the delivery of the Options sold by the Clearing Member which previously supplied the confirmation described in preceding paragraph 1 of this Article with respect to such Option against payment to the Custodian of the total amount payable to the Fund for the account of such Series, provided that the same conforms to the total amount payable as set forth in such Certificate.

3. Promptly after the exercise by the Fund of any Call Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Call Option: (a) the Series to which the Call Option exercised was

specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Call Option; (c) the expiration date; (d) the date of exercise and settlement; (e) the exercise price per share; (f) the total amount to be paid by the Fund for the account of such Series upon such exercise; and (g) the name of the Clearing Member through which such Call Option was exercised. The Custodian shall, upon receipt of the Securities underlying the Call Option which was exercised, pay out of the moneys held for the account of such Series the total amount payable to the Clearing Member through whom the Call Option was exercised, provided that the same conforms to the total amount payable as set forth in such Certificate.

4. Promptly after the exercise by the Fund of any Put Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the Series to which the Put Option exercised was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Put Option; (c) the expiration date; (d) the date of exercise and settlement; (e) the exercise price per share; (f) the total amount to be paid to the Fund for the account of such Series upon such exercise; and (g) the name of the Clearing Member through which such Put Option was exercised. The Custodian shall, upon receipt of the amount payable upon the exercise of the Put Option, deliver or direct the Depository to deliver the Securities, provided the same conforms to the amount payable to the Fund for the account of such Series as set forth in such Certificate.

5. Promptly after the exercise by the Fund of any Stock Index Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) the Series to which the Stock Index Option exercised was specifically allocated; (b) the type of Stock Index Option (put or call); (c) the number of Options being exercised; (d) the stock index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the total amount to be received by the Fund for the account of such Series in connection with such exercise; and (h) the Clearing Member from which such payment is to be received.

6. Whenever the Fund writes a Covered Call Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Covered Call Option: (a) the Series to which the Covered Call Option written is to be specifically allocated; (b) the name of the issuer and the title and number of shares for which the Covered Call Option was written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund for the account of such Series; (f) the date such Covered Call Option was written; and (g) the name of the Clearing Member through which the premium is to be received. The Custodian shall deliver or cause to be delivered, in exchange for receipt of the premium specified in the Certificate with respect to such Covered Call Option, such receipts as are required in accordance with the customs prevailing among Clearing Members dealing in Covered Call Options and shall impose, or direct the Depository to impose, upon the underlying Securities specified in the Certificate such restrictions as may be required by such

receipts. Notwithstanding the foregoing, the Custodian has the right, upon prior written notification to the Fund, at any time to refuse to issue any receipts for Securities in the possession of the Custodian and not deposited with the Depository underlying a Covered Call Option.

7. Whenever a Covered Call Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Certificate instructing the Custodian to deliver, or to direct the Depository to deliver, the Securities subject to such Covered Call Option and specifying: (a) the Series to which the Covered Call Option exercised was specifically allocated; (b) the name of the issuer and the title and number of shares subject to the Covered Call Option; (c) the Clearing Member to whom the underlying Securities are to be delivered; and (d) the total amount payable to the Fund for the account of such Series upon such delivery. Upon the return and/or cancellation of any receipts delivered pursuant to paragraph 6 of this Article, the Custodian shall deliver, or direct the Depository to deliver, the underlying Securities as specified in the Certificate for the amount to be received as set forth in such Certificate.

8. Whenever the Fund writes a Put Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the Series to which the Put Option written is to be specifically allocated; (b) the name of the issuer and the title and number of shares for which the Put Option is written and which underlie the same; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund for the account of such Series; (f) the date such Put Option is written; (g) the name of the Clearing Member through which the premium is to be received and to whom a Put Option guarantee letter is to be delivered; (h) the amount of cash, and/or the amount and kind of Securities, if any, to be deposited in the Segregated Security Account; and (i) the amount of cash and/or the amount and kind of Securities to be deposited into the Collateral Account. The Custodian shall, after making the deposits into the Collateral Account specified in the Certificate, issue a Put Option guarantee letter substantially in the form utilized by the Custodian on the date hereof, and deliver the same to the Clearing Member specified in the Certificate against receipt of the premium specified in said Certificate. Notwithstanding the foregoing, the Custodian shall be under no obligation to issue any Put Option guarantee letter or similar document if it is unable to make any of the representations contained therein.

9. Whenever a Put Option written by the Fund and described in the preceding paragraph is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which the Put Option exercised was specifically allocated; (b) the name of the issuer and title and number of shares subject to the Put Option; (c) the Clearing Member from which the underlying Securities are to be received; (d) the total amount payable by the Fund upon such delivery; (e) the amount of cash and/or the amount and kind of Securities to be withdrawn from the Collateral Account; and (f) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account.

Upon the return and/or cancellation of any Put Option guarantee letter or similar document issued by the Custodian in connection with such Put Option, the Custodian shall pay out of the moneys held for the account of such Series the total amount payable to the Clearing Member specified in the Certificate as set forth in such Certificate, and shall make the withdrawals specified in such Certificate.

10. Whenever the Fund writes a Stock Index Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) the Series to which the Stock Index Option written is to be specifically allocated; (b) whether such Stock Index Option is a put or a call; (c) the number of Options written; (d) the stock index to which such Option relates; (e) the expiration date; (f) the exercise price; (g) the Clearing Member through which such Option was written; (h) the premium to be received by the Fund for the account of such Series; (i) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Segregated Security Account; (j) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Collateral Account; and (k) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Margin Account, and the name in which such account is to be or has been established. The Custodian shall, upon receipt of the premium specified in the Certificate, make the deposits, if any, into the Segregated Security Account specified in the Certificate, and either (1) deliver such receipts, if any, which the Custodian has specifically agreed to issue, which are in accordance with the customs prevailing among Clearing Members in Stock Index Options and make the deposits into the Collateral Account specified in the Certificate, or (2) make the deposits into the Margin Accounts specified in the Certificate.

11. Whenever a Stock Index Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) the Series to which the Stock Index Option exercised was specifically allocated; (b) such information as may be necessary to identify the Stock Index Option being exercised; (c) the Clearing Member through which such Stock Index Option is being exercised; (d) the total amount payable upon such exercise, and whether such amount is to be paid by or to the Fund for the account of such Series; (e) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Margin Account; and (f) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account and the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account.

Upon the return and/or cancellation of the receipt, if any, delivered pursuant to the preceding paragraph of this Article, the Custodian shall pay to the Clearing Member specified in the Certificate the total amount payable, if any, as specified therein.

12. Whenever the Fund purchases any Option identical to a previously written Option described in paragraphs 6, 8 or 10 of this Article in a transaction expressly designated as a "Closing Purchase Transaction" in

order to liquidate its position as a writer of an Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to the Option being purchased: (a) the Series to which the Option purchased is to be specifically allocated; (b) that the transaction is a Closing Purchase Transaction; (c) the name of the issuer and the title and number of shares subject to the Option, or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Options held; (d) the exercise price; (e) the premium to be paid by the Fund for the account of such Series; (f) the expiration date; (g) the type of Option (put or call); (h) the date of such purchase; (i) the name of the Clearing Member to which the premium is to be paid; and (j) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account, a specified Margin Account or the Segregated Security Account. Upon the Custodian's payment of the premium and the return and/or cancellation of any receipt issued pursuant to paragraphs 6, 8 or 10 of this Article with respect to the Option being liquidated through the Closing Purchase Transaction, the Custodian shall remove, or direct the Depository to remove, the previously imposed restrictions on the Securities underlying the Call Option.

13. Upon the expiration or exercise of, or consummation of a Closing Purchase Transaction with respect to, any Option purchased or written by the Fund and described in this Article, the Custodian shall delete such Option from the statements delivered to the Fund for the account of a Series pursuant to paragraph 3 of Article III herein, and upon the return and/or cancellation of any receipts issued by the Custodian, shall make such withdrawals from the Collateral Account, the Margin Account and/or the Segregated Security Account as may be specified in a Certificate received in connection with such expiration, exercise, or consummation.

ARTICLE VI

FUTURES CONTRACTS

1. Whenever the Fund shall enter into a Futures Contract, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Futures Contract (or with respect to any number of identical Futures Contract(s)): (a) the Series to which the Futures Contract entered into is to be specifically allocated; (b) the category of Futures Contract (the name of the underlying stock index or financial instrument); (c) the number of identical Futures Contracts entered into; (d) the delivery or settlement date of the Futures Contract(s); (e) the date the Futures Contract(s) was (were) entered into and the maturity date; (f) whether the Fund is buying (going long) or selling (going short) on such Futures Contract(s); (g) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Segregated Security Account; (h) the name of the broker, dealer or futures commission merchant through which the Futures Contract was entered into; and (i) the amount of fee or commission, if any, to be paid and the name of the broker, dealer or futures commission merchant to whom such amount is to be paid. The Custodian shall

make the deposits, if any, to the Margin Account in accordance with the terms and conditions of the Margin Account Agreement. The Custodian shall make payment of the fee or commission, if any, specified in the Certificate and deposit in the Segregated Security Account the amount of cash and/or the amount and kind of Securities specified in said Certificate.

2. (a) Any variation margin payment or similar payment required to be made by the Fund for the account of a Series to a broker, dealer or futures commission merchant with respect to an outstanding Futures Contract shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

(b) Any variation margin payment or similar payment from a broker, dealer or futures commission merchant to the Fund with respect to an outstanding Futures Contract shall be received and dealt with by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

3. Whenever a Futures Contract held by the Custodian hereunder is retained by the Fund until delivery or settlement is made on such Futures Contract, the Fund shall deliver to the Custodian a Certificate specifying: (a) the Series to which the Futures Contract retained is to be specifically allocated; (b) the Futures Contract; (c) with respect to a Stock Index Futures Contract, the total cash settlement amount to be paid or received, and with respect to a Financial Futures Contract, the Securities and/or amount of cash to be delivered or received; (d) the broker, dealer or futures commission merchant to or from which payment or delivery is to be made or received; and (e) the amount of cash and/or Securities to be withdrawn from the Segregated Security Account. The Custodian shall make the payment or delivery specified in the Certificate and delete such Futures Contract from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein.

4. Whenever the Fund shall enter into a Futures Contract to offset a Futures Contract held by the Custodian hereunder, the Fund shall deliver to the Custodian a Certificate specifying: (a) the Series to which the offsetting Futures Contract is to be specifically allocated; (b) the items of information required in a Certificate described in paragraph 1 of this Article, and (c) the Futures Contract being offset. The Custodian shall make payment of the fee or commission, if any, specified in the Certificate and delete the Futures Contract being offset from the statements delivered to the Fund for the account of such Series pursuant to paragraph 3 of Article III herein, and make such withdrawals from the Segregated Security Account as may be specified in such Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

ARTICLE VII

FUTURES CONTRACT OPTIONS

1. Promptly after the purchase of any Futures ContractOption by the Fund, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the Series to which the Futures Contract Option purchased is to be specifically allocated; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures ContractOption purchased; (d) the expiration date; (e) the exercise price; (f) the dates of purchase and settlement; (g) the amount of premium to be paid by the Fund for the account of such Series upon such purchase; (h) the name of the broker or futures commission merchant through which such option was purchased; and (i) the name of the broker or futures commission merchant to whom payment is to be made. The Custodian shall paythe total amount to be paid upon such purchase to the broker or futures commission merchant through whom the purchase was made, provided that the same conforms to the amount set forth insuch Certificate.

2. Promptly after the sale of any Futures ContractOption purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such sale: (a) the Series to which the Futures Contract Option sold was specifically allocated; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contractunderlying the Futures Contract Option; (d) the date of sale; (e) the sale price; (f) the date of settlement; (g) the total amount payable to the Fund for the account of such Series upon such sale; and (h) the name of the broker or futures commission merchant through which the sale was made. The Custodian shall consent to the cancellation of the Futures Contract Option being closed against payment to the Custodian ofthe total amount payable to the Fund for the account of such Series, provided the same conforms to the total amount payable as set forth in such Certificate.

3. Whenever a Futures Contract Option purchased by theFund pursuant to paragraph 1 is exercised by the Fund, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which the Futures Contract Option exercised was specifically allocated; (b) the particular FuturesContract Option (put or call) being exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the date of exercise; (e) the name of the broker or futures commission merchant through which the Futures Contract Option isexercised; (f) the net total amount, if any, payable by the Fund; (g) the amount, if any, to be received by the Fund for theaccount of such Series; and (h) the amount of cash and/or theamount and kind of Securities to be deposited in the Segregated Security Account. The Custodian shall make the payments, if any, and the deposits, if any, into the Segregated Security Account as specified in the Certificate. The deposits,if any, to be made to the Margin Account shall be madeby the Custodian in accordance with the terms and conditionsof the Margin Account Agreement.

4. Whenever the Fund writes a Futures Contract Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the Series to which the Futures Contract Option written is to be specifically allocated; (b) the type of Futures Contract Option (put or call); (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (d) the expiration date; (e) the exercise price; (f) the premium to be received by the Fund for the account of such Series; (g) the name of the broker or futures commission merchant through which the premium is to be received; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Segregated Security Account. The Custodian shall, upon receipt of the premium specified in the Certificate, make the deposits into the Segregated Security Account, if any, as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

5. Whenever a Futures Contract Option written by the Fund which is a call is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which the Futures Contract Option exercised was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying the Futures Contract Option; (d) the name of the broker or futures commission merchant through which such Futures Contract Option was exercised; (e) the net total amount, if any, payable to the Fund for the account of such Series upon such exercise; (f) the net total amount, if any, payable by the Fund for the account of such Series upon such exercise; and (g) the amount of cash and/or the amount and kind of Securities to be deposited in the Segregated Security Account. The Custodian shall, upon its receipt of the net total amount payable to the Fund for the account of such Series, if any, specified in such Certificate make the payments, if any, and the deposits, if any, into the Segregated Security Account as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

6. Whenever a Futures Contract Option which is written by the Fund and which is a Put Option is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the Series to which the Futures Contract Option exercised was specifically allocated; (b) the particular Futures Contract Option exercised; (c) the type of Futures Contract underlying such Futures Contract Option; (d) the name of the broker or futures commission merchant through which such Futures Contract Option is exercised; (e) the net total amount, if any, payable to the Fund for the account of such Series upon such exercise; (f) the net total amount, if any, payable by the Fund for the account of such Series upon such exercise; and (g) the amount and kind of Securities and/or cash to be withdrawn from or deposited in the Segregated Security Account, if any. The Custodian shall, upon its receipt of the net total amount payable to the Fund for the account of such Series, if any, specified in the Certificate, make the payments, if any, and the deposits, if any, into the Segregated Security Account as

specified in the Certificate. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

7. Whenever the Fund purchases any Futures Contract Option identical to a previously written Futures Contract Option described in this Article in order to liquidate its position as a writer of such Futures Contract Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to the Futures Contract Option being purchased: (a) the Series to which the Futures Contract Option purchased is to be specifically allocated; (b) that the transaction is a closing transaction; (c) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (d) the exercise price; (e) the premium to be paid by the Fund for the account of such Series; (f) the expiration date; (g) the name of the broker or futures commission merchant to which the premium is to be paid; and (h) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account. The Custodian shall effect the withdrawals from the Segregated Security Account specified in the Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

8. Upon the expiration or exercise of, or consummation of a closing transaction with respect to, any Futures Contract Option written or purchased by the Fund and described in this Article, the Custodian shall (a) delete such Futures Contract Option from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and (b) make such withdrawals from, and/or, in the case of an exercise, such deposits into, the Segregated Security Account as may be specified in a Certificate. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

9. Futures Contracts acquired by the Fund through the exercise of a Futures Contract Option described in this Article shall be subject to Article VI hereof.

ARTICLE VIII

SHORT SALES

1. Promptly after any short sale, the Fund shall deliver to the Custodian a Certificate specifying: (a) the Series to which the short sale is to be specifically allocated; (b) the name of the issuer and the title of the Security; (c) the number of shares or principal amount sold, and accrued interest or dividends, if any; (d) the dates of the sale and settlement; (e) the sale price per unit; (f) the total amount credited to the Fund for the account of such Series upon such sales, if any; (g) the amount of cash and/or the amount and kind of Securities, if any, which are

to be deposited in a Margin Account and the name in which such Margin Account has been or is to be established; (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Segregated Security Account; and (i) the name of the broker through which such short sale was made. The Custodian shall upon its receipt of a statement from such broker confirming such sale and that the total amount credited to the Fund upon such sale, if any, as specified in the Certificate is held by such broker for the account of the Custodian (or any nominee of the Custodian) as custodian of the Fund, issue a receipt or make the deposits into the Margin Account and the Segregated Security Account specified in the Certificate.

2. In connection with the closing-out of any shortsale, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such closing-out: (a) the Series to which the short sale being closed-out was specifically allocated; (b) the name of the issuer and the title of the Security; (c) the number of shares or the principal amount, and accrued interest or dividends, if any, required to effect such closing-out to be delivered to the broker; (d) the dates of the closing-out and settlement; (e) the purchase price per unit; (f) the net total amount payable to the Fund for the account of such Series upon such closing-out; (g) the net total amount payable to the broker upon such closing-out; (h) the amount of cash and the amount and kind of Securities to be withdrawn, if any, from the Margin Account; (i) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account; and (j) the name of the broker through which the Fund is effecting such closing-out. The Custodian shall, upon receipt of the net total amount payable to the Fund for the account of such Series upon such closing-out and the return and/or cancellation of the receipts, if any, issued by the custodian with respect to the short sale being closed-out, pay out of the moneys held for the account of the Series to the broker the net total amount payable to the broker, and make the withdrawals from the Margin Account and the Segregated Security Account, as the same are specified in the Certificate.

ARTICLE IX

REVERSE REPURCHASE AGREEMENTS

1. Promptly after the Fund, on behalf of a Series, enters into a Reverse Repurchase Agreement with respect to Securities and money held by the Custodian hereunder, the Fund shall deliver to the Custodian a Certificate or in the event such Reverse Repurchase Agreement is a Money Market Security, a Certificate, Oral Instructions or Written Instructions specifying: (a) the Series to which the Reverse Repurchase Agreement is to be specifically allocated; (b) the total amount payable to the Fund for the account of such Series in connection with such Reverse Repurchase Agreement; (c) the broker or dealer through or with which the Reverse Repurchase Agreement is entered; (d) the amount and kind of Securities to be delivered by the Fund to such broker or dealer; (e) the date of such Reverse Repurchase Agreement; and (f) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Segregated Security Account in

connection with such Reverse Repurchase Agreement. The Custodian shall, upon receipt of the total amount payable to the Fund specified in the Certificate, Oral Instructions or Written Instructions make the delivery to the broker or dealer, and the deposits, if any, to the Segregated Security Account, specified in such Certificate, Oral Instructions or Written Instructions.

2. Upon the termination of a Reverse Repurchase Agreement described in paragraph 1 of this Article, the Fund shall promptly deliver a Certificate or, in the event such Reverse Repurchase Agreement is a Money Market Security, a Certificate, Oral Instructions or Written Instructions to the Custodian specifying: (a) the Series to which the Reverse Repurchase Agreement terminated was specifically allocated; (b) the Reverse Repurchase Agreement being terminated; (c) the total amount payable by the Fund for the account of such Series in connection with such termination; (d) the amount and kind of Securities to be received by the Fund for the account of such Series in connection with such termination; (e) the date of termination; (f) the name of the broker or dealer with or through which the Reverse Repurchase Agreement is to be terminated; and (g) the amount of cash and/or the amount and kind of Securities to be withdrawn from the Segregated Security Account. The Custodian shall, upon receipt of the amount and kind of Securities to be received by the Fund specified in the Certificate, Oral Instructions or Written Instructions, make the payment to the broker or dealer, and the withdrawals, if any, from the Segregated Security Account, specified in such Certificate, Oral Instructions or Written Instructions.

ARTICLE X

CONCERNING MARGIN ACCOUNTS, SEGREGATED SECURITY ACCOUNTS AND COLLATERAL ACCOUNTS

1. The Custodian shall, from time to time, make such deposits to, or withdrawals from, a Segregated Security Account as specified in a Certificate received by the Custodian. Such Certificate shall specify the amount of cash and/or the amount and kind of Securities to be deposited in, or withdrawn from, the Segregated Security Account. In the event that the Fund fails to specify in a Certificate the designated Series, the name of the issuer, the title and the number of shares or the principal amount of any particular Securities to be deposited by the Custodian into, or withdrawn from, a Segregated Securities Account, the Custodian shall be under no obligation to make any such deposit or withdrawal and shall so notify the Fund.

2. The Custodian shall make deliveries or payments from a Margin Account to the broker, dealer, futures commission merchant or Clearing Member in whose name, or for whose benefit, the account was established as specified in the Margin Account Agreement.

3. Amounts received by the Custodian as payments or distributions with respect to Securities deposited in any Margin Account

shall be dealt with in accordance with the terms and conditions of the Margin Account Agreement.

4. The Custodian shall have a continuing lien and security interest in and to any property at any time held by the Custodian in any Collateral Account described herein. In accordance with applicable law, the Custodian may enforce its lien and realize on any such property whenever the Custodian has made payment or delivery pursuant to any Put Option guarantee letter or similar document or any receipt issued hereunder by the Custodian. In the event the Custodian should realize on any such property net proceeds which are less than the Custodian's obligations under any Put Option guarantee letter or similar document or any receipt, such deficiency shall be a debt owed the Custodian by the Fund within the scope of Article XIII herein.

5. On each business day, the Custodian shall furnish the Fund with respect to each Series a statement with respect to each Margin Account in which money or Securities are held specifying as of the close of business on the previous business day: (a) the name of the Margin Account; (b) the amount and kind of Securities held therein; and (c) the amount of money held therein. The Custodian shall make available upon request to any broker, dealer or futures commission merchant specified in the name of a Margin Account a copy of the statement furnished the Fund with respect to such Margin Account.

6. Promptly after the close of business on each business day in which cash and/or Securities are maintained in a Collateral Account, the Custodian shall furnish the Fund with a Statement with respect to such Collateral Account specifying the amount of cash and/or the amount and kind of Securities held therein. No later than the close of business next succeeding the delivery to the Fund of such statement, the Fund shall furnish to the Custodian a Certificate or Written Instructions specifying the then market value of the securities described in such statement. In the event such then market value is indicated to be less than the Custodian's obligation with respect to any outstanding Put Option, guarantee letter or similar document, the Fund shall promptly specify in a Certificate the additional cash and/or Securities to be deposited in such Collateral Account to eliminate such deficiency.

ARTICLE XI

PAYMENT OF DIVIDENDS OR DISTRIBUTIONS

1. For each Series, the Fund shall furnish to the Custodian a copy of the resolution of the Trustees, certified by the Secretary or any Assistant Secretary, either (i) setting forth the date of the declaration of a dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per share to the shareholders of record as of that date and the total amount payable to the Dividend Agent of the Fund on the payment date, or (ii) authorizing the declaration of dividends and distributions on a daily

basis and authorizing the Custodian to rely on Oral Instructions, Written Instructions or a Certificate setting forth the date of the declaration of such dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per share to the shareholders of record as of that date and the total amount payable to the Dividend Agent on the payment date.

2. Upon the payment date specified in such resolution, Oral Instructions, Written Instructions or Certificate, as the case may be, the Custodian shall pay out of the moneys held for the account of the Series the total amount payable to the Dividend Agent of the Fund.

ARTICLE XII

SALE AND REDEMPTION OF SHARES OF BENEFICIAL INTEREST

1. Whenever the Fund shall sell any Series' Shares, the Fund shall deliver to the Custodian a Certificate duly specifying:

(a) The number of Shares sold, trade date, and price; and

(b) The amount of money to be received by the Custodian for the sale of such Shares.

2. Upon receipt of such money from the Transfer Agent, the Custodian shall credit such money to the account of such Series.

3. Upon issuance of any Series' Shares in accordance with the foregoing provisions of this Article, the Custodian shall pay, out of the money held for the account of such Series, all original issue or other taxes required to be paid by the Fund for the account of such Series in connection with such issuance upon the receipt of a Certificate specifying the amount to be paid.

4. Except as provided hereinafter, whenever the Fund shall hereafter redeem any Series' Shares, the Fund shall furnish to the Custodian a Certificate specifying:

(a) The number of Shares redeemed; and

(b) The amount to be paid for the Shares redeemed.

5. Upon receipt from the Transfer Agent of an advice setting forth the number of a Series' Shares received by the Transfer Agent for redemption and that such Shares are valid and in good form for redemption, the Custodian shall make payment to the Transfer Agent out of the moneys held for the account of such Series of the total amount specified in the Certificate issued pursuant to the foregoing paragraph 4 of this Article.

6. Notwithstanding the above provisions regarding the redemption of any of Series' Shares, whenever a Series' Shares are

redeemed pursuant to any check redemption privilege which may from time to time be offered by the Fund, the Custodian, unless otherwise instructed by a Certificate, shall, upon receipt of an advice from the Fund or its agent setting forth that the redemption is in good form for redemption in accordance with the check redemption procedure, honor the check presented as part of such check redemption privilege out of the money held in the account of the Fund for such purposes.

ARTICLE XIII

OVERDRAFTS OR INDEBTEDNESS

1. If the Custodian should in its sole discretion advance funds on behalf of a Series which results in an overdraft because the moneys held by the Custodian for the account of such Series shall be insufficient to pay the total amount payable upon a purchase of Securities as set forth in a Certificate or Oral Instructions issued pursuant to Article IV, or which results in an overdraft in the account for such Series for some other reason, or if a Series is for any other reason indebted to the Custodian (except a borrowing for investment or for temporary or emergency purposes using Securities as collateral pursuant to a separate agreement and subject to the provisions of paragraph 2 of this Article XIII), such overdraft or indebtedness shall be deemed to be a loan made by the Custodian to such Series payable on demand and shall bear interest from the date incurred at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds Rate plus 1/2%, such rate to be adjusted on the effective date of any change in such Federal Funds Rate but in no event to be less than 6% per annum, except that any overdraft resulting from an error by the Custodian shall bear no interest. Any such overdraft or indebtedness shall be reduced by an amount equal to the total of all amounts due such Series which have not been collected by the Custodian on behalf of such Series when due because of the failure of the Custodian to make timely demand or presentment for payment. In addition, the Fund hereby agrees that the Custodian shall have a continuing lien and security interest in and to any property at any time held by it for the benefit of such Series or in which such Series may have an interest which is then in the Custodian's possession or control or in possession or control of any third party acting in the Custodian's behalf. The Fund authorizes the Custodian, in its sole discretion, at any time to charge any such overdraft or indebtedness together with interest due thereon against any balance of account standing to such Series' credit on the Custodian's books. For purposes of this Section 1 of Article XIII, "overdraft" shall mean a negative Available Balance.

2. The Fund will cause to be delivered to the Custodian by any bank (including, if the borrowing is pursuant to a separate agreement, the Custodian) from which it borrows money for investment or for temporary or emergency purposes using Securities in a Series' portfolio as collateral for such borrowings, a notice or undertaking in the form currently employed by any such bank setting forth the amount which such bank will loan to the Fund against delivery of a stated amount of collateral. The Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such borrowing: (a) the Series to which the borrowing relates; (b) the

name of the bank; (c) the amount and terms of the borrowing, which may be set forth by incorporating by reference an attached promissory note, duly endorsed by the Fund, or other loan agreement; (d) the time and date, if known, on which the loan is to be entered into; (e) the date on which the loan becomes due and payable; (f) the total amount payable to the Fund for the account of such Series on the borrowing date; (g) the market value of Securities to be delivered as collateral for such loan, including the name of the issuer, the title and the number of shares or the principal amount of any particular Securities; and (h) a statement specifying whether such loan is for investment purposes or for temporary or emergency purposes and that such loan is in conformance with the Investment Company Act of 1940 and the Fund's prospectus. The Custodian shall deliver on the borrowing date specified in a Certificate the specified collateral and the executed promissory note, if any, against delivery by the lending bank of the total amount of the loan payable, provided that the same conforms to the total amount payable as set forth in the Certificate. The Custodian may, at the option of the lending bank, keep such collateral in its possession, but such collateral shall be subject to all rights therein given the lending bank by virtue of any promissory note or loan agreement. The Custodian shall deliver such Securities as additional collateral as may be specified in a Certificate to collateralize further any transaction described in this paragraph. The Fund shall cause all Securities released from collateral status to be returned directly to the Custodian, and the Custodian shall receive from time to time such return of collateral as may be tendered to it. In the event that the Fund fails to specify in a Certificate the Series, the name of the issuer, the title and number of shares or the principal amount of any particular Securities to be delivered as collateral by the Custodian, the Custodian shall not be under any obligation to deliver any Securities.

ARTICLE XIV

LOAN OF PORTFOLIO SECURITIES OF THE FUND

1. If the Fund is permitted by the terms of its Declaration of Trust and as disclosed in its most recent and currently effective prospectus to lend the portfolio Securities of a Series, within 24 hours after each loan of portfolio Securities the Fund shall deliver or cause to be delivered to the Custodian a Certificate specifying with respect to each such loan: (a) the Series to which the Securities to be loaned are specifically allocated; (b) the name of the issuer and the title of the Securities; (c) the number of shares or the principal amount loaned; (d) the date of loan and delivery; (e) the total amount to be delivered to the Custodian against the loan of the Securities, including the amount of cash collateral and the premium, if any, separately identified; and (f) the name of the broker, dealer or financial institution to which the loan was made. The Custodian shall deliver the Securities thus designated to the broker, dealer or financial institution to which the loan was made upon receipt of the total amount designated as to be delivered against the loan of Securities. The Custodian may accept payment in connection with a delivery otherwise than through the Book-Entry System or Depository only in the form of a certified or bank cashier's check payable to the order of the Fund or

the Custodian drawn on New York Clearing House funds and may deliver Securities in accordance with the customs prevailing among dealers in securities.

2. Promptly after each termination of the loan of Securities by the Fund, the Fund shall deliver or cause to be delivered to the Custodian a Certificate specifying with respect to each such loan termination and return of Securities: (a) the Series to which the Securities to be returned are specifically allocated; (b) the name of the issuer and the title of the Securities to be returned; (c) the number of shares or the principal amount to be returned; (d) the date of termination; (e) the total amount to be delivered by the Custodian (including the cash collateral for such Securities minus any offsetting credits as described in said Certificate); and (f) the name of the broker, dealer or financial institution from which the Securities will be returned. The Custodian shall receive all Securities returned from the broker, dealer, or financial institution to which such Securities were loaned and upon receipt thereof shall pay, out of the moneys held for the account of the Series specified in the Certificate, the total amount payable upon such return of Securities as set forth in the Certificate.

ARTICLE XV

CONCERNING THE CUSTODIAN

1. Except as hereinafter provided, neither the Custodian nor its nominee shall be liable for any loss or damage, including counsel fees, resulting from its action or omission to act or otherwise, either hereunder or under any Margin Account Agreement, except for any such loss or damage arising out of its own negligence or willful misconduct. The Custodian may, with respect to questions of law arising hereunder or under any Margin Account Agreement, apply for and obtain the advice and opinion of counsel to the Fund or of its own counsel, at the expense of the Fund, and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion. The Custodian shall be liable to the Fund for any loss or damage resulting from the use of the Book-Entry System or any Depository arising by reason of any negligence, misfeasance or willful misconduct on the part of the Custodian or any of its employees or agents.

2. Without limiting the generality of the foregoing, the Custodian shall be under no obligation to inquire into, and shall not be liable for:

(a) The validity of the issue of any Securities purchased, sold or written by or for the Fund, the legality of the purchase, sale or writing thereof, or the propriety of the amount paid or received therefor;

(b) The legality of the issue or sale of any of the Fund's Shares, or the sufficiency of the amount to be received therefor;

(c) The legality of the redemption of any of the Fund's Shares, or the propriety of the amount to be paid therefor;

(d) The legality of the declaration or payment of any dividend by the Fund;

(e) The legality of any borrowing by the Fund using Securities as collateral;

(f) The legality of any loan of portfolio Securities pursuant to Article XIV of this Agreement, nor shall the Custodian be under any duty or obligation to see to it that any cash collateral delivered to it by a broker, dealer or financial institution or held by it at any time as a result of such loan of portfolio Securities of the Fund is adequate collateral for the Fund against any loss it might sustain as a result of such loan. The Custodian specifically, but not by way of limitation, shall not be under any duty or obligation periodically to check or notify the Fund that the amount of such cash collateral held by it for the Fund is sufficient collateral for the Fund, but such duty or obligation shall be the sole responsibility of the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer or financial institution to which portfolio Securities of the Fund are lent pursuant to Article XIV of this Agreement makes payment to it of any dividends or interest which are payable to or for the account of the applicable Series of the Fund during the period of such loan or at the termination of such loan, provided, however, that the Custodian shall promptly notify the Fund in the event that such dividends or interest are not paid and received when due; or

(g) The sufficiency or value of any amounts of money and/or Securities held in any Margin Account, Segregated Security Account or Collateral Account in connection with transactions by the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer, futures commission merchant or Clearing Member makes payment to the Fund of any variation margin payment or similar payment which the Fund may be entitled to receive from such broker, dealer, futures commission merchant or Clearing Member, to see that any payment received by the Custodian from any broker, dealer, futures commission merchant or Clearing Member is the amount the Fund is entitled to receive, or to notify the Fund of the Custodian's receipt or non-receipt of any such payment; provided however that the Custodian, upon the Fund's written request, shall, as Custodian, demand from any broker, dealer, futures commission merchant or Clearing Member identified by the Fund the payment of any variation margin payment or similar payment that the Fund asserts it is entitled to receive pursuant to the terms of a Margin Account Agreement or otherwise from such broker, dealer, futures commission merchant or Clearing Member.

3. The Custodian shall not be liable for, or considered to be the Custodian of, any money, whether or not represented by any check, draft or other instrument for the payment of money, received by it on behalf of the Fund until the Custodian actually receives and collects such money

directly or by the final crediting of the account representing the Fund's interest at the Book-Entry System or the Depository.

4. The Custodian shall have no responsibility and shall not be liable for ascertaining or acting upon any calls, conversions, exchange, offers, tenders, interest rate changes or similar matters relating to Securities held in the Depository, unless the Custodian shall have actually received timely notice from the Depository. In no event shall the Custodian have any responsibility or liability for the failure of the Depository to collect, or for the late collection or late crediting by the Depository of any amount payable upon Securities deposited in the Depository which may mature or be redeemed, retired, called or otherwise become payable. However, upon receipt of a Certificate from the Fund of an overdue amount on Securities held in the Depository, the Custodian shall make a claim against the Depository on behalf of the Fund, except that the Custodian shall not be under any obligation to appear in, prosecute or defend any action, suit or proceeding in respect to any Securities held by the Depository which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability be furnished as often as may be required.

5. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount due to the Fund from the Transfer Agent of the Fund nor to take any action to effect payment or distribution by the Transfer Agent of the Fund of any amount paid by the Custodian to the Transfer Agent of the Fund in accordance with this Agreement.

6. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount, if the Securities upon which such amount is payable are in default, or if payment is refused after due demand or presentation, unless and until (i) it shall be directed to take such action by a Certificate and (ii) it shall be assured to its satisfaction of reimbursement of its costs and expenses in connection with any such action.

7. The Custodian may appoint one or more banking institutions as Depository or Depositories or as Sub-Custodian or Sub-Custodians, including, but not limited to, banking institutions located in foreign countries, of Securities and moneys at any time owned by the Fund, upon terms and conditions approved in the Certificate, which shall, if requested by the Custodian, be accompanied by an approving resolution of the Fund's Board of Trustees adopted in accordance with Rule 17f-5 under the Investment Company Act of 1940, as amended. Notwithstanding anything to the contrary contained in this Agreement, the Custodian shall hold harmless and indemnify the Fund from and against any losses, actions, claims, demands, expenses and proceedings, including counsel fees, that occur as a result of any act or omission of any Foreign Sub-Custodian or Depository with respect to the safekeeping of moneys and securities of the Fund.

8. The Custodian shall not be under any duty or obligation

to ascertain whether any Securities at any time delivered to or held by it for the account of the Fund are such as properly may be held by the Fund under the provisions of its Declaration of Trust.

9. (a) The Custodian shall be entitled to receive and the Fund agrees to pay to the Custodian all reasonable out-of-pocket expenses and such compensation and fees as are specified on Schedule A hereto. The Custodian shall not deem amounts payable in respect of foreign custodial services to be out-of-pocket expenses, it being the parties' intention that all fees for such services shall be as set forth on Schedule B hereto and shall be provided for the term of this Agreement without any automatic or unilateral increase. The Custodian shall have the right to unilaterally increase the figures on Schedule A on or after March 1, 1994 and on or after each succeeding March 1 thereafter by an amount equal to 50% of the increase in the Consumer Price Index for the calendar year ending on the December 31 immediately preceding the calendar year in which such March 1 occurs, provided, however, that during each such annual period commencing on a March 1, the aggregate increase during such period shall not be in excess of 10%. Any increase by the Custodian shall be specified in a written notice delivered to the Fund at least thirty days prior to the effective date of the increase. The Custodian may charge such compensation and any expenses incurred by the Custodian in the performance of its duties pursuant to such agreement against any money held by it for the account of the Fund. The Custodian shall also be entitled to charge against any money held by it for the account of the Fund the amount of any loss, damage, liability or expense, including counsel fees, for which it shall be entitled to reimbursement under the provisions of this Agreement. The expenses which the Custodian may charge against the account of the Fund include, but are not limited to, the expenses of Sub-Custodians and foreign branches of the Custodian incurred in settling outside of New York City transactions involving the purchase and sale of Securities of the Fund.

(b) The Fund shall receive a credit for each calendar month against such compensation and fees of the Custodian as may be payable by the Fund with respect to such calendar month in an amount equal to the aggregate of its Earnings Credit for such calendar month. In no event may any Earnings Credits be carried forward to any fiscal year other than the fiscal year in which it was earned, or, unless permitted by applicable law, transferred to, or utilized by, any other person or entity, provided that any such transferred Earnings Credit can be used only to offset compensation and fees of the Custodian for services rendered to such transferee and cannot be used to pay the Custodian's out-of-pocket expenses. For purposes of this sub-section (b), the Fund is permitted to transfer Earnings Credits only to The Dreyfus Corporation, its affiliates and/or any investment company now or in the future sponsored by The Dreyfus Corporation or any of its affiliates or for which The Dreyfus Corporation or any of its affiliates acts as the sole investment adviser or as the principal distributor. For purposes of this sub-section (b), a fiscal year shall mean the twelve-month period commencing on the effective date of this Agreement and on each anniversary thereof.

10. The Custodian shall be entitled to rely upon any Certificate, notice or other instrument in writing received by the Custodian and reasonably believed by the Custodian to be a Certificate. The Custodian shall be entitled to rely upon any Oral Instructions and any Written Instructions actually received by the Custodian pursuant to Article IV or XI hereof. The Fund agrees to forward to the Custodian a Certificate or facsimile thereof, confirming such Oral Instructions or Written Instructions in such manner so that such Certificate or facsimile thereof is received by the Custodian, whether by hand delivery, telex or otherwise, by the close of business of the same day that such Oral Instructions or Written Instructions are given to the Custodian. The Fund agrees that the fact that such confirming instructions are not received by the Custodian shall in no way affect the validity of the transactions or enforceability of the transactions hereby authorized by the Fund. The Fund agrees that the Custodian shall incur no liability to the Fund in acting upon Oral Instructions given to the Custodian hereunder concerning such transactions, provided such instructions reasonably appear to have been received from an Authorized Person.

11. The Custodian shall be entitled to rely upon any instrument, instruction or notice received by the Custodian and reasonably believed by the Custodian to be given in accordance with the terms and conditions of any Margin Account Agreement. Without limiting the generality of the foregoing, the Custodian shall be under no duty to inquire into, and shall not be liable for, the accuracy of any statements or representations contained in any such instrument or other notice including, without limitation, any specification of any amount to be paid to a broker, dealer, futures commission merchant or Clearing Member.

12. The books and records pertaining to the Fund which are in the possession of the Custodian shall be the property of the Fund. Such books and records shall be prepared and maintained as required by the Investment Company Act of 1940, as amended, and other applicable securities laws and rules and regulations. The Fund, or the Fund's authorized representatives, shall have access to such books and records during the Custodian's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Custodian to the Fund or the Fund's authorized representative at the Fund's expense.

13. The Custodian shall provide the Fund with any report obtained by the Custodian on the system of internal accounting control of the Book-Entry System or the Depository, or O.C.C., and with such reports on its own systems of internal accounting control as the Fund may reasonably request from time to time.

14. The Fund agrees to indemnify the Custodian against and save the Custodian harmless from all liability, claims, losses and demands whatsoever, including attorney's fees, howsoever arising or incurred because of or in connection with the Custodian's payment or non-payment of checks pursuant to paragraph 6 of Article XII as part of any check redemption privilege program of the Fund, except for any such liability, claim, loss

and demand arising out of the Custodian's own negligence or willful misconduct.

15. Subject to the foregoing provisions of this Agreement, the Custodian may deliver and receive Securities, and receipts with respect to such Securities, and arrange for payments to be made and received by the Custodian in accordance with the customs prevailing from time to time among brokers or dealers in such Securities.

16. The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied in this Agreement against the Custodian.

ARTICLE XVI

TERMINATION

1. (a) Any termination may be effected only by the terminating party giving to the other party a notice in writing specifying the date of such termination, which shall be not less than two hundred seventy (270) days after the date of giving of such notice.

(b) The Fund may at any time terminate this Agreement if the Custodian has materially breached its obligations under this Agreement and such breach has remained uncured for a period of thirty days after the Custodian's receipt from the Fund of written notice specifying such breach.

(c) Either party, immediately upon written notice to the other party, may terminate this Agreement upon the Merger or Bankruptcy of the other party.

(d) The Fund may at any time terminate this Agreement if the Custodian has materially breached its obligations under the "Amendment to Transfer Agency Agreements" dated August 18, 1989 and has not cured such breach as promptly as practicable and in any event within seven days of its receipt of written notice of such breach, provided that the Custodian shall not be permitted to cure any such material breach arising from the willful misconduct of the Custodian.

In the event notice of termination is given by the Fund, it shall be accompanied by a copy of a resolution of the Trustees of the Fund, certified by the Secretary or any Assistant Secretary, electing to terminate this Agreement and designating a successor custodian or custodians, each of which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. In the event notice of termination is given by the Custodian, the Fund shall, on or before the termination date, deliver to the Custodian a copy of a resolution of its Trustees, certified by the Secretary or any Assistant Secretary, designating a successor custodian or custodians. In the absence of such

designation by the Fund, the Custodian may designate a successor custodian which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. Upon the date set forth in such notice, this Agreement shall terminate and the Custodian shall, upon receipt of a notice of acceptance by the successor custodian, on that date deliver directly to the successor custodian all Securities and moneys then owned by the Fund and held by it as Custodian, after deducting all fees, expenses and other amounts for the payment or reimbursement of which it shall then be entitled.

2. If a successor custodian is not designated by the Fund or the Custodian in accordance with the preceding paragraph, the Fund shall, upon the date specified in the notice of termination of this Agreement and upon the delivery by the Custodian of all Securities (other than Securities held in the Book-Entry System which cannot be delivered to the Fund) and moneys then owned by the Fund, be deemed to be its own custodian, and the Custodian shall thereby be relieved of all duties and responsibilities pursuant to this Agreement, other than the duty with respect to Securities held in the Book-Entry System, in any Depository or by a Clearing Member which cannot be delivered to the Fund, to hold such Securities hereunder in accordance with this Agreement.

ARTICLE XVII

MISCELLANEOUS

1. Annexed hereto as Appendix A is a Certificate setting forth the names of the present Authorized Persons. The Fund agrees to furnish to the Custodian a new Certificate in similar form in the event that any such present Authorized Person ceases to be an Authorized Person or in the event that other or additional Authorized Persons are elected or appointed. Until such new Certificate shall be received, the Custodian shall be fully protected in acting under the provisions of this Agreement upon Oral Instructions or signatures of the present Authorized Persons as set forth in the last delivered Certificate.

2. Annexed hereto as Appendix B is a Certificate signed by two of the present Officers of the Fund setting forth the names of the present Officers of the Fund. The Fund agrees to furnish to the Custodian a new Certificate in similar form in the event any such present Officer ceases to be an Officer of the Fund, or in the event that other or additional Officers are elected or appointed. Until such new Certificate shall be received, the Custodian shall be fully protected in acting under the provisions of this Agreement upon the signatures of the Officers as set forth in the last delivered Certificate.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, shall be sufficiently given if addressed to the Custodian and mailed or delivered to it at its offices at 110 Washington Street, 13th Floor, New York, New York 10286, or at such other place as the Custodian may from time to time

designate in writing.

4. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Fund, shall be sufficiently given if addressed to the Fund and mailed or delivered to it at its offices at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or at such other place as the Fund may from time to time designate in writing.

5. This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties with the same formality as this Agreement and approved by a resolution of the Board of Trustees of the Fund.

6. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Fund without the written consent of the Custodian, or by the Custodian without the written consent of the Fund, authorized or approved by a resolution of its Board of Trustees.

7. This Agreement shall be construed in accordance with the laws of the State of New York.

8. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

9. This Agreement has been executed on behalf of the Fund by the undersigned officer of the Fund in his capacity as an officer of the Fund. The obligations of this Agreement shall only be binding upon the assets and property of the Fund and shall not be binding upon any Trustee, officer or shareholder of the Fund individually.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective Officers, thereunto duly authorized, as of the day and year first above written.

PREMIER INSURED MUNICIPAL BOND FUND

By:

Attest:

THE BANK OF NEW YORK

By:

Attest:

Appendix A

PREMIER INSURED MUNICIPAL BOND FUND

AUTHORIZED SIGNATORIES:
CASH ACCOUNT AND/OR CUSTODIAN ACCOUNT
FOR PORTFOLIO SECURITIES TRANSACTIONS

Group I

All current Fund officers,
Michael Condon, Frank
Greene, Phyllis Meinder
and Richard Cassaro

Group II

Paul Casti, Jr. Alan Eisner
Jeffrey N. Nachman Lawrence Greene
John Pyburn Julian Smerling
Joseph DiMartino Thomas Durante
Robert Dubuss James Windels
Joseph Connolly Paul Molloy
Gregory Gruber

Cash Account

1. Fees payable to The Bank of New York pursuant to written agreement with the Fund for services rendered in its capacity as Custodian or agent of the Fund, or to The Shareholder Services Group, Inc. in its capacity as Transfer Agent or agent of the Fund:

Two (2) signatures required, one of which must be from Group II, except that an officer of the Fund who also is listed in Group II shall sign only once.

2. Other expenses of the Fund, \$5,000 and under:

Any combination of two (2) signatures from either Group I or Group II, or both such Groups, except that an officer of the Fund who also is listed in Group II shall sign only once.

3. Other expenses of the Fund, over \$5,000 but not over \$25,000:

Two (2) signatures required, one of which must be from Group II, except that an officer of the Fund who also is listed in Group II shall sign only once.

4. Other expenses of the Fund, over \$25,000:

Two (2) signatures required, one from Group I or Group II, including

any one of the following: Paul Casti, Jr., James Windels, Jeffrey Nachman, John Pyburnor Alan Eisner, except that no individual shall be authorized to sign more than once. Custodian Account for Portfolio Securities Transactions

Two (2) signatures required from any of the following:

All current Fund officers, and Joseph DiMartino, Robert Dubuss, Alan Eisner, Lawrence Greene, Julian Smerling, Michael Condon, Paul Disdier, Gregory Gruber, Richard Cassaro, Alan Brown, Linda Lionetti, Richard Weiner and Colleen Brennan.

PREMIER INSURED MUNICIPAL BOND FUND
CUSTODY AGREEMENT
APPENDIX B

The undersigned Officers of the Fund do hereby certify that the following individuals, whose specimen signatures are on file with The Bank of New York, have been duly elected or appointed by the Fund's Board to the position set forth opposite their names and have qualified therefor:

Name	Position
Richard J. Moynihan	President
A. Paul Disdier	Vice President and Investment Officer
Karen M. Hand	Vice President and Investment Officer
Stephen C. Kris	Vice President and Investment Officer
L. Lawrence Troutman	Vice President and Investment Officer
Samuel J. Weinstock	Vice President and Investment Officer
Monica S. Wieboldt	Vice President and Investment Officer
Elie M. Genadry	Vice President
Donald A. Nanfeldt	Vice President
Daniel C. Maclean	Vice President
Jeffrey N. Nachman	Vice President and Treasurer

Gregory S. Gruber

Controller

Mark N. Jacobs

Secretary

Steven F. Newman

Assistant Secretary

Christine Pavalos

Assistant Secretary

Title:

Title:

CUSTODY AGREEMENT

APPENDIX C

The following are designated publications for purposes of paragraph 5(b) of Article III:

The Bond Buyer
Depository Trust Company Notices
Financial Daily Card Service
New York Times
Standard & Poor's Called Bond Record
Wall Street Journal

CUSTODY AGREEMENT

APPENDIX D

Name of Series

California Series
Connecticut Series
Florida Series
National Series
New Jersey Series
New York Series

Schedule A

The fees payable to the Custodian with respect to securities held in domestic custody are annexed hereto.

PREMIER INSURED MUNICIPAL BOND FUND

Domestic Custody Fees

Basic Fee: 1/100 of 1% per annum of the first \$500, and 1/200 of 1% of

the excess over \$500 per annum of the total market value of domestic securities held.

Custodial Transactions:

\$8.00 per transaction for each receipt and delivery of book entry securities through DTC/FRB.

\$20.00 per transaction for physical settlements, municipal sub-custodian settlements, writing options (preparation of depository or escrow receipts) and initial futures transactions.

\$5.00 for futures variation margin maintenance.

Schedule B

The fees payable to the Custodian with respect to securities held in foreign custody are as set forth in a letter dated September 21, 1993 from Jerome P. Isoldi of The Bank of New York to Jeffrey N. Nachman of The Dreyfus Corporation.

THE BANK OF NEW YORK
110 Washington Street
New York, New York 10286

September 21, 1993

Mr. Jeffrey N. Nachman
Vice President - Financial
The Dreyfus Corporation
200 Park Avenue
New York, New York 10166

Re: Global Custody Fees

Dear Jeff:

This letter is an update of my May 14, 1993 global custody fee schedule letter addressed to you for the Dreyfus Family of Funds.

Safekeeping charges and transaction fees will be applied per

country, as indicated in the attached schedule.

Warmest regards.

Sincerely,

Jerome P. Isoldi
Senior Vice President

JPI/nd
Enclosure

bcc: S. Newman

GLOBAL CUSTODY FEE PROPOSAL

THE DREYFUS FAMILY OF FUNDS

AUSTRALIA	MEXICO (BONDS)
CANADA	NETHERLANDS
FRANCE	NEW ZEALAND
GERMANY	SWEDEN
IRELAND	SWITZERLAND
JAPAN	

SAFEKEEPING FEE

12 b.p. PER ANNUM ON FIRST 250MM MARKET VALUE OF ASSETS
10 b.p. PER ANNUM ON NEXT 500MM
8 b.p. PER ANNUM ON EXCESS

TRANSACTION FEE

\$50 FOR EACH TRANSACTION

CEDEL

SAFEKEEPING FEE

5 b.p. PER ANNUM ON MARKET VALUE OF ASSETS HELD

TRANSACTION FEE

\$25 FOR EACH TRANSACTION

GLOBAL CUSTODY FEE PROPOSAL

THE DREYFUS FAMILY OF FUNDS

SAFEKEEPING	TRANSACTIONS	
ARGENTINA	30 b.p.	\$ 75
AUSTRIA	8 b.p.	60
BELGIUM	8 b.p.	75
BRAZIL *	45 b.p.	75
CHILE	35 b.p.	90
COLUMBIA	45 b.p.	125
DENMARK	15 b.p.	75
FINLAND	10 b.p.	75
HONG KONG	15 b.p.	100
INDIA	45 b.p.	125
INDONESIA	15 b.p.	75
ITALY	18 b.p.	75
KOREA	12.5 b.p.	25
MALAYSIA	15 b.p.	100
MEXICO (EQUITIES)	25 b.p.	60
NORWAY	25 b.p.	125
PAKISTAN	40 b.p.	150
PHILIPPINES	12.5 b.p.	150
PORTUGAL	25 b.p.	220
SINGAPORE	15 b.p.	150
SOUTH AFRICA	12.5 b.p.	150

SPAIN	8 b.p.	50
SRI LANKA	20 b.p.	60
TAIWAN	15 b.p.	150
THAILAND	18 b.p.	95
TURKEY	25 b.p.	60
UNITED KINGDOM	8 b.p.	50
URUGUAY **	55 b.p.	75
VENEZUELA	45 b.p.	75

* Includes Local Administrator

** \$4,000 Per Year, Per Account.

OUT-OF-POCKET EXPENSES

TELEX, TELEPHONE, SECURITIES REGISTRATION, ETC., ARE IN ADDITION TO THE ABOVE.

SUBCUSTODIAN AGREEMENT

The undersigned custodian (the "custodian") for the investment company identified below (the "Fund") hereby appoints on the following terms and conditions Bankers Trust Company as subcustodian (the "Subcustodian") for it and the Subcustodian hereby accepts such appointment on the following terms and conditions as of the date set forth below.

1. QUALIFICATION. The Custodian and the Subcustodian each represents to the other and to the Fund that it is qualified to act as a custodian for a registered investment company under the Investment Company Act of 1940, as amended (the "1940 Act").

2. SUBCUSTODY. The Subcustodian agrees to maintain a separate account and to hold segregated at all times from the Subcustodian's securities and from all other customers' securities held by the Subcustodian, all the Fund's securities and evidence of rights thereto ("Fund Securities") deposited, from time to time by the Custodian with the Subcustodian. The Subcustodian will accept, hold or dispose of and take other actions with respect to Fund Securities in accordance with the Instructions of the Custodian given in the manner set forth in Section 4 and will take certain other actions as specified in Section 3. The Subcustodian hereby waives any claim against or lien on any Fund Securities. The Subcustodian may take steps to register and continue to hold Fund Securities in the name of the Subcustodian's nominee and shall take such other steps as the Subcustodian believes necessary or appropriate to carry out efficiently the terms of this Agreement. To the extent that ownership of Fund Securities may be recorded by a book entry system maintained by any transfer agent or registrar for such Fund Securities or by Depository Trust Company, the Subcustodian may hold Fund Securities as a book entry reflecting the ownership of such Fund Securities by its nominee and need not possess certificates or any other evidence of ownership of Fund Securities.

3. SUBCUSTODIAN'S ACTS WITHOUT INSTRUCTIONS. Except as otherwise instructed pursuant to Section 4, the Subcustodian will (i) present all Fund Securities requiring presentation for any payment thereon, (ii) distribute to the Custodian cash received thereon, (iii) collect and distribute to the Custodian interest and any dividends and distributions on Fund Securities, (iv) at the request of the Custodian, or on its behalf, execute any necessary

declarations or certificates of ownership (provided by the Custodian or on its behalf) under any tax law now or hereafter in effect, (v) forward to the Custodian, or notify it by telephone of, confirmations, notices, proxies or proxy soliciting materials relating to the Fund Securities received by it as registered holder (and the Custodian agrees to forward same to the Fund), and (vi) promptly report to the Custodian any missed payment or other default upon any Fund Securities known to it as Subcustodian hereunder (the Subcustodian shall be deemed to have knowledge of any payment default on any Fund Securities in respect of which it acts as paying agent). All cash distributions from the Subcustodian to the Custodian will be in same day funds, on the same day that same day funds are received by the Subcustodian unless such distribution required instructions from the Custodian which were not timely received. Promptly after the Subcustodian is furnished with any report of its independent public accountants on an examination of its internal accounting controls and procedures for safeguarding securities held in its custody as subcustodian under this Agreement or under similar agreements, the Subcustodian will furnish a copy thereof to the Custodian.

4. INSTRUCTIONS, OTHER COMMUNICATIONS. Any officer of the Custodian designated from time to time by letter to the Subcustodian, signed by the President or any Vice President and any Assistant Vice President, Assistant Secretary or Assistant Treasurer of the Custodian, as an officer of the Custodian authorized to give instructions to the Subcustodian with respect to Fund Securities (an "Authorized Officer"), shall be authorized to instruct the Subcustodian as to the acceptance, holding, presentation, disposition or any other action with respect to Fund Securities from time to time by telephone, or in writing signed by such Authorized Officer and delivered by tested telex, tested computer printout or such other reasonable method as the Custodian and Subcustodian shall agree is designed to prevent unauthorized officer's instructions; provided, however, the Subcustodian is authorized to accept and act upon orders from the Custodian, whether given orally, by telephone or otherwise, which the Subcustodian reasonably believes to be given by an authorized person. The Subcustodian will promptly transmit to the Custodian all receipts and transaction confirmations in respect of Fund Securities as to which the Subcustodian has received any instructions. The Authorized Officers shall be as set forth on Exhibit A attached hereto and, as amended from time to time, made a part hereof.

5. LIABILITIES. (i) The Subcustodian shall not be

liable for any action taken or omitted to be taken in carrying out the terms and provision of this Agreement if done without willful malfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties under this Agreement. Except as otherwise set forth herein, the Subcustodian shall have no responsibility for ascertaining or acting upon any calls, conversions, exchange offers, tenders, interest rate changes or similar matters relating to the Fund Securities (except at the instructions of the Custodian), nor for informing the Custodian with respect thereto, whether or not the Subcustodian has, or is deemed to have, knowledge of the aforesaid. The Subcustodian is under no duty to supervise or to provide investment counseling or advice to the Custodian or to the Fund relative to the purchase, sale, retention or other disposition of any Fund Securities held hereunder. The Subcustodian shall for the benefit of the Custodian and the Fund use the same care with respect to receiving, safekeeping, handling and delivery of Fund Securities as it uses in respect of its own securities.

(ii) The Subcustodian will indemnify, defend and save harmless the Custodian and the Fund from and against all loss, liability, claims and demands incurred by the Custodian or the Fund arising out of or in connection with the Subcustodian's willful malfeasance, bad faith, gross negligence or reckless disregard of its obligations and duties under this Agreement.

(iii) The Custodian agrees to be responsible for and indemnify the Subcustodian and any nominee in whose name the Fund Securities are registered, from and against all loss, liability, claims and demands incurred by the Subcustodian and the nominee in connection with the performance of any activity pursuant to this Agreement, done in good faith and without negligence, including any expenses, taxes or other charges which the Subcustodian is required to pay in connection therewith.

6. Each party may terminate this Agreement at any time by not less than ten (10) business days' prior written notice. In the event that such notice is given, the Subcustodian shall make delivery of the Fund Securities held in the Subcustodian account to the Custodian or to any third party within the Borough of Manhattan, specified by the Custodian in writing within ten (10) days of receipt of the termination notice, at the Custodian's expense.

7. All communications required or permitted to be given under this Agreement, unless otherwise agreed by the parties, shall be addressed as follows:

(i) to the Subcustodian:

Bankers Trust Company
1 Bankers Trust Plaza
14th Floor
New York, NY 10015

Attention: Barbara Walter
RMO Safekeeping Unit

(ii) to the Custodian:

The Bank of New York
110 Washington Street
New York, New York 10286

8. MISCELLANEOUS: this Agreement (i) shall be governed by and construed in accordance with the laws of the State of New York, (ii) may be executed in counterparts each of which shall be deemed an original but all of which shall constitute the same instrument, and (iii) may be amended by the parties hereto in writing.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth below.

Dated:

THE BANK OF NEW YORK
Custodian

By: _____

Title: _____

As Custodian For
PREMIER INSURED
MUNICIPAL BOND FUND

BANKERS TRUST COMPANY
As Subcustodian

By: _____

Title: _____

EXHIBIT A

TO SUBCUSTODIAN AGREEMENT
DATED:

The Authorized Officers pursuant to Section 4 of the
Agreement shall be:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dated:

THE BANK OF NEW YORK
As Custodian

By: _____

Title: _____

SUBCUSTODIAN AGREEMENT

The undersigned custodian (the "Custodian") for the investment company identified in Schedule A attached (collectively, the "Funds") hereby appoints on the following terms and conditions Chemical Bank as subcustodian (the

"Subcustodian") for it and the Subcustodian hereby accepts such appointment on the following terms and conditions as of the date set forth below.

1. QUALIFICATION. The Custodian and the Subcustodian each represent to the other and to each Fund that it is qualified to act as custodian for a registered investment company under the Investment Company Act of 1940, as amended (the "1940 Act").

2. SUBCUSTODY. The Subcustodian agrees to hold in a separate account, segregated at all times from all other accounts maintained by the Subcustodian, all securities and evidence of rights thereto of each of the Funds (collectively, "Fund Securities") deposited, from time to time by the Custodian with the Subcustodian. The Subcustodian will accept, hold or dispose of and take such other reasonable actions with respect to Fund Securities, in addition to those specified in Section 3, in accordance with the instructions of the Custodian relating to Fund Securities given in the manner set forth in Section 4 ("Instructions"). The Subcustodian hereby waives any claim against, or lien on, any Fund Securities for any claim hereunder. Registered Fund Securities may be held in the name of the Subcustodian or nominee. To the extent that ownership of Fund Securities may be recorded by a book entry system maintained by any transfer agent or registrar for such Fund Securities (including, but not limited to, any such system operated by the Subcustodian) or by Depositary Trust Company, the Subcustodian may hold Fund Securities as a book entry reflecting the ownership of such Fund Securities by it or its nominee and need not possess certificates or any other evidence of ownership.

3. SUBCUSTODIAN'S ACTS WITHOUT INSTRUCTIONS. Except as otherwise instructed pursuant to Section 4, the Subcustodian will (i) present all Fund Securities requiring presentation for any payment thereon, (ii) distribute to the Custodian cash received thereupon, (iii) collect and distribute to the Custodian interest and any dividends and distributions on Fund Securities, (iv) forward to the Custodian all confirmations, notices, proxies or proxy soliciting materials relating to the Fund Securities received by it (and the Custodian agrees to forward same to the Fund), (v) report to the Custodian any missed payment or other default upon any Fund Securities known to it as Subcustodian hereunder, (the Subcustodian shall be deemed to have knowledge of any payment default on any Fund Securities in respect of which it acts as paying agent); all cash distributions from the Subcustodian to the Custodian will be on same day funds, or the same day that same day funds are

received by the Subcustodians unless such distribution required instructions from the Custodian which were not timely received, and (vi) at the request of the Custodian, or on its behalf, execute any necessary declarations or certificates of ownership (provided by the Custodian or on its behalf) under any tax law nor or hereafter in effect. The Subcustodian will furnish to the Custodian, upon the Custodian's request, any report of the Subcustodian's independent public accountants on an examination of its internal accounting controls and procedures for safeguarding securities held in its custody for the account of others.

4. INSTRUCTIONS, OTHER COMMUNICATIONS. Any officer of the Custodian designated from time to time by letter to the Subcustodian, signed by the President or any Vice President and any Assistant Vice President, Assistant Secretary or Assistant Treasurer of the Custodian, as an officer of the Custodian authorized to give Instructions to the Subcustodian with respect to Fund Securities (an "Authorized Officer") shall be authorized to instruct the Subcustodian as to the acceptance, holding, voting, presentation, disposition or any other action with respect to Fund Securities from time to time in writing signed by such Authorized Officer and delivered by hand, mail, telecopier, tested telex, tested computer printout or such other reasonable method as the Custodian and Subcustodian shall agree is designed to prevent unauthorized officer's instructions. The Subcustodian is also authorized to accept an act upon Instructions regardless of the manner in which given (whether orally, by telephone or otherwise) if the Subcustodian reasonably believes such Instructions are given by an Authorized Officer. The Subcustodian will promptly transmit to the Custodian all receipts, confirmations or other transactional evidence received by it in respect of Fund Securities as to which the Subcustodian has received any Instructions. Instructions and other communications to the Subcustodian shall be given to Chemical Bank, 55 Water Street, Room 504, New York, New York, Attention: Debt Securities Administration, Phone: (212)820-5616 Telex: (212)269-8510 (or to such other address as the Custodian or the Fund or Funds giving such notice, shall specify by notice to the Subcustodian.

5. THE SUBCUSTODIAN. The Subcustodian shall not be liable for any action taken or omitted to be taken in carrying out the terms and provisions of this Agreement if done without willful malfeasance, bad faith, negligence or reckless disregard of its obligations and duties under this Agreement.

The Subcustodian shall not have any responsibility for

ascertaining or acting upon any calls, conversions, exchange offers, tenders, interest rate changes or similar matters relating to the Fund Securities, except upon Instructions from the Custodian, nor for informing the Custodian with respect thereto, unless the Subcustodian has knowledge or is deemed to have knowledge of the aforesaid. The Subcustodian shall be deemed to have knowledge in circumstances where it is acting as tender agent or paying agent for the Fund Securities. The Subcustodian shall not be under a duty to supervise or to provide advice (other than notice) to the Custodian or any of the Funds relative to any purchase, sale, retention or other disposition of any Fund Securities held hereunder. The Subcustodian shall for the benefit of the Custodian and the Funds be required to exercise the same care with respect to the receiving, safekeeping, handling and delivery of Fund Securities than it customarily exercises in respect of its own securities.

The Subcustodian will indemnify, defend and save harmless the Custodian and the Funds from any loss or liability incurred by the Custodian arising out of or in connection with the Subcustodian's willful malfeasance, bad faith, negligence or reckless disregard of its obligations and duties under this Agreement; PROVIDED, HOWEVER, that the Subcustodian shall in no event be liable for any special, indirect or consequential damages.

The Custodian agrees to be responsible for, and will indemnify, defend and save harmless the Subcustodian (or any nominee in whose name any Fund Securities are registered) for, any loss or liability incurred by the Subcustodian (or such nominee) arising out of or in connection with any action taken by the Subcustodian (or such nominee) in accordance with any Instructions or any other action taken by the Subcustodian (or such nominee) in good faith and without negligence pursuant to this Agreement, including any expenses, taxes or other charges which the Subcustodian (or such nominee) is required to incur or pay in connection therewith.

6. RESIGNATION. The Subcustodian may resign as such at any time upon not less than five business days' prior written notice to the Custodian. In the event of such resignation or any other termination of this Agreement, the Subcustodian shall deliver all Fund Securities then held by it to the Custodian, or as otherwise directed by the Custodian pursuant to Instructions received by the Subcustodian, at the Custodian's expense; PROVIDED, HOWEVER, that the Subcustodian shall not be required to effect any such delivery outside the Borough of Manhattan.

7. MISCELLANEOUS. This Agreement (i) shall be governed by and construed in accordance with the laws of the State of New York, (ii) may be executed in counterparts each of which shall be deemed an original but all of which shall constitute the same instrument, and (iii) may be amended only by written agreement executed by the parties hereto.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date set forth below.

Dated:

By: _____

[Address]

Telephone:

Telex:

As Custodian for the Funds Listed
in Schedule A attached

CHEMICAL BANK

By: _____

PREMIER INSURED MUNICIPAL BOND FUND
SHAREHOLDER SERVICES PLAN

Introduction: It has been proposed that the above-captioned investment company (the "Fund") adopt a Shareholder Services Plan (the "Plan") under which the Fund, in respect of the series named on Schedule 1 hereto, as such Schedule may be revised from time to time (each, a "Series"), would pay the Fund's distributor, Dreyfus Service Corporation (the "Distributor"), for providing personal services and/or maintaining shareholder accounts. The Distributor would be permitted to pay certain financial institutions, securities dealers and other industry professionals (collectively, "Service Agents") in respect of these services. The Plan is not to be adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "Act"), and the fee under the Plan is intended to be a "service fee" as defined in Article III, Section 26, of the NASD Rules of Fair Practice.

The Fund's Board, in considering whether the Fund should implement a written plan, has requested and evaluated such information as it deemed necessary to an informed determination as to whether a written plan should be implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of each Series for such purposes.

In voting to approve the implementation of such a plan, the Board has concluded, in the exercise of its reasonable business judgment and in light of applicable fiduciary duties, that there is a reasonable likelihood that the plan set forth below will benefit each Series and its shareholders.

The Plan: The material aspects of this Plan are as follows:

1. The Fund shall pay to the Distributor a fee at an annual rate of .25 of 1% of the value of each Series' average daily net assets attributable to each class of Series' shares, in respect of the provision of personal services to shareholders and/or the maintenance of shareholder accounts. The Distributor shall determine the amounts to be paid to Service Agents and the basis on which such payments will be made. Payments to a Service Agent are subject to compliance by the Service Agent with the terms of any related Plan agreement between the Service Agent and the Distributor.

2. For the purpose of determining the fees payable under this Plan, the value of the net assets attributable to each class of Series' shares shall be computed in the manner specified in the Fund's Declaration of Trust for the computation of the value of the Series' net assets attributable to such class.

3. The Board shall be provided, at least quarterly, with a written report of all amounts expended pursuant to this Plan. The report shall state the purpose for which the amounts were expended.

4. This Plan will become effective immediately with respect to

each Series upon approval by a majority of the Board members, including a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan, pursuant to a vote cast in person at a meeting called for the purpose of voting on the approval of this Plan.

5. This Plan shall continue for a period of one year from its effective date with respect to each Series, unless earlier terminated in accordance with its terms, and thereafter shall continue automatically for successive annual periods ending September 5th, provided such continuance is approved at least annually in the manner provided in paragraph 4 hereof.

6. This Plan may be amended at any time by the Board, provided that any material amendments of the terms of this Plan shall become effective only upon approval as provided in paragraph 4 hereof.

7. This Plan is terminable without penalty with respect to each Series at any time by vote of a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan.

8. The obligations hereunder and under any related Plan agreement shall only be binding upon the assets and property of the Fund and shall not be binding upon any Trustee, officer or shareholder of the Fund individually.

Dated: April 21, 1993

Amended: January 26, 1994

SCHEDULE 1

Name of Series

California Series

Connecticut Series

Florida Series

National Series

New Jersey Series

New York Series

EXHIBIT 10

August 12, 1993

Premier California Insured Municipal Bond Fund
144 Glenn Curtiss Boulevard
Uniondale, New York 11556-0144

Gentlemen:

We have acted as counsel to Premier California Insured Municipal Bond Fund (the "Fund") in connection with the preparation of a Registration Statement on Form N-1A, Registration No. 33-61738 (the "Registration Statement"), covering shares of beneficial interest (the "Shares") of the Fund.

We have examined copies of the Agreement and Declaration of Trust and By-Laws of the Fund, the Registration Statement and such other documents, records, papers, statutes and authorities as we deemed necessary to form a basis for the opinion hereinafter expressed. In our examination of such material, we have assumed the genuineness of all signatures and the conformity to original documents of all copies submitted to us. As to various questions of fact material to such opinion, we have relied upon statements and certificates of officers and representatives of the Fund and others.

Attorneys involved in the preparation of this opinion are admitted only to the bar of the State of New York. As to various questions arising under the laws of the Commonwealth of Massachusetts, we have relied on the opinion of Messrs. Ropes & Gray, a copy of which is attached hereto. Qualifications set forth in their opinion are deemed incorporated herein.

Based upon the foregoing, we are of the opinion that the Fund is authorized to issue an unlimited number of Shares, and that, when the Shares are issued and sold and the authorized consideration therefor is received by the Fund, they will be validly issued, fully paid and nonassessable by the Fund.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to us in the Prospectus included

in the Registration Statement, and to the filing of this opinion as an exhibit to any application made by or on behalf of the Fund or any distributor or dealer in connection with the registration and qualification of the Fund or its Shares under the securities laws of any state or jurisdiction. In giving such permission, we do not admit hereby that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

STROOCK & STROOCK & LAVAN

ROPES & GRAY
One International Place
Boston, Massachusetts 02110-2624

August 12, 1993

Stroock & Stroock & Lavan
Seven Hanover Square
New York, New York 10004

Gentlemen:

We are furnishing this opinion in connection with the proposed offer and sale from time to time by Premier California Insured Municipal Bond Fund (the "Trust") of an indefinite number of shares of beneficial interest (the "Shares") of the Trust pursuant to the Trust's Registration Statement on Form N-1A under the Securities Act of 1933, as amended.

We are familiar with the action taken by the Trustees of the Trust to authorize the issuance of the Shares. We have examined the Trust's records of Trustee action, its By-Laws and its Agreement and Declaration of Trust, as amended to date, on file at the Office of the Secretary of State of The Commonwealth of Massachusetts. We have examined copies of such Registration Statement in the form filed with the Securities and Exchange Commission, and such other documents as we deem necessary for the purposes of this opinion.

We assume that, upon sale of the Shares, the Trust will receive the net asset value thereof which will be at least equal to the par value thereof. We also assume that, in connection with any offer and sale of the Shares, the Trust will take proper steps to effect compliance with applicable federal and state laws regulating offerings and sales of securities.

Based upon the foregoing, we are of the opinion that the Trust is authorized to issue an unlimited number of Shares, and that, when the Shares are issued and sold and the authorized consideration therefor is received by the Trust, they will be validly issued, fully paid and non-assessable by the Trust.

The Trust is an entity of the type commonly known as a "Massachusetts business trust". Under Massachusetts law, shareholders could, under certain circumstances, be held personally liable for the obligations of the Trust. However, the Agreement and Declaration of Trust disclaims shareholder liability for acts or obligations of the Trust and requires that notice of such disclaimer be given in each agreement, obligation or instrument entered into or executed by the Trust or the Trustees. The Agreement and Declaration of Trust provides for indemnification out of the Trust property for all loss and expense of any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Trust itself would be unable to meet its obligations.

We consent to the filing of this opinion as an exhibit to the aforesaid Registration Statement.

Sincerely,

Ropes & Gray

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Custodian, Transfer and Dividend Disbursing Agent, Counsel and Independent Auditors" and to the use of our report on Premier Insured Municipal Bond Fund - California Series dated August 11, 1993, in this Registration Statement (Form N-1A No. 33-61738) of Premier Insured Municipal Bond Fund.

ERNST & YOUNG

New York, New York
February 9, 1994

PREMIER INSURED MUNICIPAL BOND FUND

DISTRIBUTION PLAN

Introduction: It has been proposed that the above-captioned investment company (the "Fund") adopt a Distribution Plan (the "Plan") relating to its Class B shares in accordance with Rule 12b-1 promulgated under the Investment Company Act of 1940, as amended (the "Act"), in respect of each of the series named on Schedule 1 hereto, as such Schedule may be revised from time to time (each, a "Series"). Under the Plan, the Fund would pay the Fund's distributor, Dreyfus Service Corporation (the "Distributor"), for advertising, marketing and distributing the Series' Class B shares. The Distributor would be permitted to pay certain financial institutions, securities dealers and other industry professionals (collectively, "Service Agents") in respect of these services. If the proposal is to be implemented, the Act and Rule 12b-1 require that a written plan describing all material aspects of the proposed financing be adopted by the Fund with respect to each Series.

The Fund's Board, in considering whether the Fund should implement a written plan, has requested and evaluated such information as it deemed necessary to an informed determination as to whether a written plan should be implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets attributable to the Class B shares of each Series for such purposes.

In voting to approve the implementation of such a plan, the Board has concluded, in the exercise of its reasonable business judgment and in light of applicable fiduciary duties, that there is a reasonable likelihood that the plan set forth below will benefit each Series and its Class B shareholders.

The Plan: The material aspects of this Plan are as follows:

1. (a) The Fund shall pay to the Distributor a fee at an annual rate of .50 of 1% of the value of each Series' average daily net assets attributable to Class B for advertising, marketing and distributing the Series' Class B shares. The Distributor may pay one or more Service Agents a fee in respect of these services. The Distributor shall determine the amounts to be paid to Service Agents and the basis on which such payments will be made. Payments to a Service Agent are subject to compliance by the Service Agent with the terms of any related Plan agreement between the Service Agent and the Distributor.

(b) The Fund shall pay all costs of preparing and printing prospectuses and statements of additional information for regulatory purposes and for distribution to existing shareholders. The Fund also shall pay an amount of the costs and expenses in connection with (a) preparing,

printing and distributing the Fund's prospectuses used for other purposes and (b) implementing and operating this Plan not to exceed in any fiscal year of the Fund the greater of \$100,000 or .005 of 1% of the average daily value of the Fund's net assets for such fiscal year.

2. For the purposes of determining the fees payable under this Plan, the value of the net assets attributable to Class B of each Series shall be computed in the manner specified in the Fund's Declaration of Trust for the computation of the value of each Series' net assets attributable to such class.

3. The Board shall be provided, at least quarterly, with a written report of all amounts expended pursuant to this Plan. The report shall state the purpose for which the amounts were expended.

4. This Plan will become effective immediately with respect to each Series upon approval by (a) holders of a majority of such Series' outstanding Class B shares, and (b) a majority of the Board members, including a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan, pursuant to a vote cast in person at a meeting called for the purpose of voting on the approval of this Plan.

5. This Plan shall continue for a period of one year from its effective date with respect to each Series, unless earlier terminated in accordance with its terms, and thereafter shall continue automatically for successive annual periods ending September 5th, provided such continuance is approved at least annually in the manner provided in paragraph 4(b) hereof.

6. This Plan may be amended at any time by the Board, provided that (a) any amendment to increase materially the costs which a Series may bear pursuant to this Plan shall be effective only upon approval by a vote of holders of a majority of such Series' outstanding Class B shares, and (b) any material amendments of the terms of this Plan shall become effective only upon approval as provided in paragraph 4 hereof.

7. This Plan is terminable without penalty with respect to each Series at any time by (a) vote of a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan, or (b) vote of holders of a majority of such Series' outstanding Class B shares.

8. The obligations hereunder and under any related Plan agreement shall only be binding upon the assets and property of the Fund and shall not be binding upon any Trustee, officer or shareholder of the Fund individually.

Dated: April 21, 1993

Amended: January 26, 1994

SCHEDULE 1

Name of Series

California Series

Connecticut Series

Florida Series

National Series

New Jersey Series
New York Series

PREMIER INSURED MUNICIPAL BOND FUND
CALIFORNIA SERIES - CLASS A

AVERAGE ANNUAL TOTAL RETURN COMPUTATION

Average annual total return computation from inception through 12/31/93
based upon the following formula:

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

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

T = average annual total return

n = number of years

ERV = ending redeemable value as of 12/31/93 of a \$1,000
hypothetical investment made on 8/19/93 (inception)

$$1000(1 + T)^{0.370} = 993.07$$

$$T = -1.85\%$$

=====

PREMIER INSURED MUNICIPAL BOND FUND
CALIFORNIA SERIES - CLASS A

TOTAL RETURN COMPUTATION

Total return computation from inception through 12/31/93
based upon the following formula:

$$T = \frac{[C + (C \times B)] - A}{A}$$

where: A = NAV at beginning of period
 B = Additional shares purchased through dividend reinvestment
 C = NAV at end of period
 T = Total return

$$T = \frac{[12.75 + (12.75 \times 0.01955)] - 12.50}{12.50}$$

$$T = 3.99\%$$

=====

PREMIER INSURED MUNICIPAL BOND FUND
 CALIFORNIA SERIES - CLASS A

SEC 30 DAY YIELD CALCULATION

INCOME	12/2/93	-	12/31/93	\$3,651.15
EXPENSES	12/2/93	-	12/31/93	\$0.00
Average Shares Entitled to Dividend				
	12/2/93	-	12/31/93	62,426.242
Maximum Offering Price per share			12/31/93	\$13.35

$$x = \frac{3,651.15 - 0.00}{62,426.242 \times 13.35}$$

$$x = 0.004381$$

$$30 \text{ Day yield} = 2 \left[(1 + x)^{\frac{6}{12}} - 1 \right]$$

$$30 \text{ Day yield} = 2 [(1 + 0.004381)^{-1}]$$

$$30 \text{ Day yield} = 5.32\%$$

=====

TAX EQUIVALENT YIELD

Taxable portion of yield	=	0.00%
Tax exempt portion of yield	=	5.32%

Yield	=	5.32%
		=====
Federal & State Tax Bracket	=	46.24%
		=====

		5.32	
Tax Equivalent Yield	=	-----	=
		(1 - 0.4624)	9.90%
			=====

PREMIER INSURED MUNICIPAL BOND FUND
CALIFORNIA SERIES - CLASS A

TOTAL RETURN COMPUTATION

Total return computation from inception through 12/31/93
based upon the following formula:

$$T = \frac{[C + (C \times B)] - A}{A}$$

where: A = Maximum Offering Price at beginning of period
B = Additional shares purchased through dividend reinvestment
C = NAV at end of period
T = Total return

$$T = \frac{[12.75 + (12.75 \times 0.01955)] - 13.09}{13.09}$$

$$T = -0.69\%$$

=====

PREMIER INSURED MUNICIPAL BOND FUND
CALIFORNIA SERIES - CLASS B

AVERAGE ANNUAL TOTAL RETURN COMPUTATION

Average annual total return computation from inception through 12/31/93
based upon the following formula:

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

where: P = a hypothetical initial payment of \$1,000
T = average annual total return
n = number of years
ERV = ending redeemable value as of 12/31/93 of a \$1,000
hypothetical investment made on 8/19/93 (inception)

$$1000(1 + T)^{0.370} = 1,008.72$$

$$T = 2.37\%$$

=====

PREMIER INSURED MUNICIPAL BOND FUND
CALIFORNIA SERIES - CLASS B

TOTAL RETURN COMPUTATION

Total return computation from inception through 12/31/93
based upon the following formula:

$$T = \frac{[C + (C \times B)] - A}{A}$$

where: A = NAV at beginning of period
 B = Additional shares purchased through dividend reinvestment
 C = NAV at end of period
 T = Total return

$$T = \frac{[12.76 + (12.76 \times 0.01755)] - 12.50}{12.50}$$

$$T = 3.87\%$$

=====

PREMIER INSURED MUNICIPAL BOND FUND
 CALIFORNIA SERIES - CLASS B

SEC 30 DAY YIELD CALCULATION

INCOME	12/2/93	-	12/31/93	\$6,394.00
EXPENSES	12/2/93	-	12/31/93	\$594.54
Average Shares Entitled to Dividend				
	12/2/93	-	12/31/93	109,738.663
NAV per share	12/31/93			\$12.76

$$x = \frac{6,394.00 - 594.54}{109,738.663 \times 12.76}$$

$$x = 0.004142$$

$$30 \text{ Day yield} = 2 \left[(1 + x)^{\frac{6}{12}} - 1 \right]$$

$$30 \text{ Day yield} = 2 [(1 + 0.004142)^{-1}]$$

$$30 \text{ Day yield} = 5.02\%$$

=====

TAX EQUIVALENT YIELD

Taxable portion of yield	=		0.00%
Tax exempt portion of yield	=		5.02%

Yield	=		5.02%
			=====
Federal & State Tax Bracket	=		46.24%
			=====
		5.02	
Tax Equivalent Yield	=	-----	9.34%
		(1 - 0.4624)	=====

PREMIER INSURED MUNICIPAL BOND FUND
CALIFORNIA SERIES - CLASS B

TOTAL RETURN COMPUTATION

Total return computation from inception through 12/31/93
based upon the following formula:

$$T = \frac{[C + (C \times B)] - A}{A} - \frac{D \times (E \times F)}{G}$$

where:

- A = NAV at beginning of period
- B = Additional shares purchased through dividend reinvestment
- C = NAV at end of period
- D = Applicable CDSC
- E = Lower of A or C
- F = Original shares
- G = Original investment

T = Total return

$$T = \frac{[12.76 + (12.76 \times 0.01755)] - 12.50}{12.50} - \frac{0.03 \times (12.50 \times 80.000)}{1000}$$

$$T = \underline{\underline{0.87\%}}$$

PREMIER INSURED MUNICIPAL BOND FUND

Certificate of Secretary

The undersigned, Christine Pavalos, Assistant Secretary of Premier Insured Municipal Bond Fund (the "Fund"), hereby certifies that set forth below is a copy of the resolution adopted by the Fund's Board of Trustees authorizing the signing of Mark N. Jacobs, Steven F. Newman and Robert R. Mullery on behalf of the Fund pursuant to a power of attorney.

RESOLVED, that the Registration Statement and any and all amendments and supplements thereto, may be signed by any one of Mark N. Jacobs, Steven F. Newman and Robert R. Mullery, as the attorney-in-fact for the proper officers of the Fund, with full power of substitution and resubstitution; and that the appointment of each of such persons as such attorney-in-fact hereby is authorized and approved; and that such attorneys-in-fact, and each of them, shall have full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection with such Registration Statement and any and all amendments and supplements thereto, as fully to all intents and purposes as the officer, for whom he is acting as attorney-in-fact, might or could do in person.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the seal of the Fund on February 8, 1994.

Christine Pavalos
Assistant Secretary