

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

OPPENHEIMER TAX FREE BOND FUND

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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. 31 / X /

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 / X /
Amendment No. 20 / X /

OPPENHEIMER TAX-FREE BOND FUND

(Exact Name of Registrant as Specified in Charter)

Two World Trade Center, New York, New York 10048-0203

(Address of Principal Executive Offices)

212-323-0200

(Registrant's Telephone Number)

ANDREW J. DONOHUE, ESQ.
Oppenheimer Management Corporation
Two World Trade Center, New York, New York 10048-0203

(Name and Address of Agent for Service)

It is proposed that this filing will become effective:

/ / Immediately upon filing pursuant to paragraph (b)

/ / On _____ pursuant to paragraph (b)

/ / 60 days after filing pursuant to paragraph (a)

/ X / On May 1, 1994 pursuant to paragraph (a)

of Rule 485.

The Registrant has registered an indefinite number of shares under the Securities Act of 1933 pursuant to Rule 24f-2 promulgated under the Investment Company Act of 1940. A Rule 24f-2 Notice for the Registrant's fiscal year ended December 31, 1993, was filed on February 28, 1994.

OPPENHEIMER TAX-FREE BOND FUND

Cross Reference Sheet

Part A of
Form N-1A

Item No.	Prospectus Heading
1	Cover Page
2	Expenses
3	Financial History; Performance of the Fund
4	Cover Page; Investment Objectives and Policies
5	Expenses; How the Fund is Managed; Back Cover
5A	Performance of the Fund
6	Dividends, Capital Gains and Taxes;
7	How to Exchange Shares; Special Investor Services; Service Plan for Class A shares; Distribution and Service Plan for Class B Shares; How to Buy Shares; How to Sell Shares
8	How to Sell Shares; How to Exchange Shares; Special Investor Services
9	*

Part B of
Form N-1A

Item No.	Heading in Statement of Additional Information
10	Cover Page
11	Cover Page
12	*
13	Investment Objective and Policies; Additional Investment Restrictions
14	Trustees and Officers of the Fund; How the Fund is Managed
15	Trustees and Officers of the Fund - Major Shareholders; How the Fund is Managed
16	How the Fund is Managed; Additional Information about the Fund; Distribution and Service Plans; Back Cover
17	How the Fund is Managed
18	Additional Information about the Fund
19	Your Investment Account
20	Dividends, Capital Gains and Taxes
21	How the Fund is Managed; Additional Information about the Fund - The Distributor; Distribution and Service Plans
22	Performance of the Fund
23	Financial Statements

* Not applicable or negative answer.

Oppenheimer Tax-Free Bond Fund

Prospectus dated May 1, 1994

Oppenheimer Tax-Free Bond Fund (referred to in this Prospectus as the

"Fund") is a mutual fund with the investment objective of seeking as high a level of current income which is exempt from Federal income taxes as is available from investing in Municipal Securities, while attempting to preserve capital. See "The Fund and Its Investment Policies."

The Fund offers two classes of shares: (1) Class A shares sold at a public offering price that includes a front-end sales charge, and (2) Class B shares, which are sold without a front-end sales charge, although you may pay a sales charge when you redeem your shares, depending on how long you own them. Class B shares are also subject to an annual "asset-based sales charge." Each class of shares bears different expenses. In deciding which class of shares to buy, you should consider how much you plan to purchase, how long you plan to keep your shares, and other factors discussed in "How to Buy Shares" on page ____.

This Prospectus explains concisely what you should know before investing in the Fund. Please read it carefully and keep it for future reference. You can find more detailed information about the Fund in the April 29, 1994, Statement of Additional Information. For a free copy, call Oppenheimer Shareholder Services, the Fund's Transfer Agent, at 1-800-525-7048, or write to the Transfer Agent at the address on the back cover. The Statement has been filed with the Securities and Exchange Commission and is incorporated into this Prospectus by reference (which means that it is legally part of this Prospectus).

Shares of the Fund are not deposits or obligations of any bank, nor are they guaranteed by any bank or insured by the F.D.I.C. or any other agency, and involve investment risks including possible loss of principal.

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.

Contents

Page

INFORMATION ABOUT THE FUND

Expenses

Financial History

Investment Objective and Policies

How the Fund is Managed

Performance of the Fund

YOUR INVESTMENT ACCOUNT

How to Buy Shares

Class A Shares
Class B Shares

Special Investor Services
AccountLink
Automatic Withdrawal and Exchange
Plans
Reinvestment Privilege
Retirement Plans

How to Sell Shares
By Mail
By Telephone
Checkwriting

How to Exchange Shares

Shareholder Account Rules and Policies

Dividends, Capital Gains and Taxes

Appendix: Description of Ratings Categories

INFORMATION ABOUT THE FUND

Expenses

The Fund pays a variety of expenses directly for management of its assets, administration, distribution and other services and those expenses are reflected in the Fund's net asset value per share. As a shareholder, you pay these expenses indirectly. Shareholders pay other expenses directly, such as sales charges. The following tables are provided to help you understand your direct expenses of investing and your share of the Fund's operating expenses you might expect to bear indirectly, based on the Fund's expenses during its fiscal year ended December 31, 1993.

-- Shareholder Transaction Expenses are charges you pay when you buy or sell shares of the Fund. Please refer to pages ____ through ____ for an explanation of how and when these charges apply.

	Class A Shares	Class B Shares
Maximum Sales Charge on Purchases (as a % of offering price)	4.75%	None
Sales Charge on Reinvested Dividends	None	None
Deferred Sales Charge (as a % of the lower of the original purchase price or redemption proceeds)	None*	5% in the first year, declining to 1% in the sixth year and eliminated thereafter
Exchange Fee	\$5.00**	\$5.00**

*If you invest more than \$1 million in Class A shares, you may have to pay a sales charge of up to 1% if you sell your shares within 18 calendar

months from the end of the calendar month during which you purchased those shares. See "How to Buy Shares - Class A Shares," below.

**Fee is waived for automated exchanges on PhoneLink, described in "How to Buy Shares."

-- Annual Fund Operating Expenses are paid out of the Fund's assets. The Fund pays management fees to its investment adviser, Oppenheimer Management Corporation (the "Manager") and other regular expenses for services, such as transfer agent fees, custodial fees, audit, legal and other business expenses. The following numbers are projections based on the Fund's historical expenses and are calculated as a percentage of average net assets. The actual numbers may be more or less, depending on a number of factors, including the Fund's actual net assets.

	Class A Shares	Class B Shares
Management Fees	%	%
12b-1 Distribution Plan Fees	%	%
Shareholder Service Plan Fees	%	%
Other Expenses	%	%
Total Fund Operating Expenses	%	%

-- Examples. Assume that you made a \$1,000 investment in the Fund, that the Fund's annual return is 5% and that its operating expenses are as described above in the charts.

If you redeemed your shares at the end of each period below, your investment would incur the following expenses:

	1 year	3 years	5 years	10 years*
Class A Shares	\$	\$	\$	\$
Class B Shares	\$	\$	\$	\$

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

	1 year	3 years	5 years	10 years*
Class A Shares	\$	\$	\$	\$
Class B Shares	\$	\$	\$	\$

* The Class B expenses in years 7 through 10 are based on the Class A expenses shown above, because the Fund automatically converts your Class B shares into Class A shares after 6 years. Long-term Class B shareholders could pay the economic equivalent of more than the maximum front-end sales charge allowed under applicable regulations, because of the effect of the asset-based sales charge and contingent deferred sales charge. The automatic conversion is designed to minimize the likelihood that this will occur. Please refer to "How to Buy Shares - Class B Shares" for more information.

This example illustrates the effect of expenses on an investment, but

it is not meant to state or predict actual or expected costs or investment returns, all of which will vary.

Financial History

The table on this page presents selected per share data and ratios for the Fund. This information has been audited by KPMG Peat Marwick, the Fund's independent auditors, whose report on the Fund's financial statements is included in the Annual Report in the Statement of Additional Information. No Class B shares were publicly offered prior to March 15, 1993, and therefore no information on Class B shares is reflected in the table below or in the Fund's other financial statements.

Investment Objective and Policies

Objective. The Fund's objective is to seek as high a level of current interest income exempt from Federal income taxes as is available from investment in Municipal Securities (defined below), while attempting to preserve capital. Toward that objective, certain Hedging Instruments may be used by the Fund in an effort to protect against market risks. Since market risks are inherent in all securities to varying degrees, assurance cannot be given that the Fund's investment objective will be met. Certain provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") affecting income from Municipal Securities should be considered before investing in shares of the Fund. See "Dividends, Distributions and Taxes," below.

Investment Policies and Strategies. Under normal market conditions, the Fund attempts to invest 100% of its assets and, as a matter of fundamental policy, to invest at least 80% of its assets, in municipal bonds and municipal notes (including tax anticipation notes, construction loan notes, revenue anticipation notes, bond anticipation notes and other short-term loans), tax-exempt commercial paper and other debt obligations issued by or on behalf of states, the District of Columbia, any commonwealths, territories or possessions of the United States, or their respective political subdivisions, agencies, instrumentalities or authorities, the interest from which is not subject to Federal individual income tax in the opinion of bond counsel to the respective issuer at the time of issue (collectively "Municipal Securities"). No independent investigation has been made by the Manager as to the users of proceeds of bond offerings or the application of such proceeds. "Municipal Bonds" are Municipal Securities that have a maturity when issued of one year or more, and "Municipal Notes" are Municipal Securities that have a maturity when issued of less than one year.

The two principal classifications of Municipal Securities are "general obligations" (secured by the issuer's pledge of its full faith, credit and taxing power for the payment of principal and interest) and "revenue obligations" (payable only from the revenues derived from a particular facility or class of facilities, or a specific excise tax or other revenue source). The Fund may invest in Municipal Securities of both classifications. See "Investment Objective and Policies" in the Additional Statement for further information about the Fund's investment policies and about Municipal Securities.

Dividends paid by the Fund derived from interest attributable to

Municipal Securities will be exempt from Federal individual income taxes. Any dividends derived from net interest income on taxable investments will be taxable as ordinary income (and any capital gains distributions will be taxable as capital gains) when distributed to shareholders (See "Dividends, Distributions and Taxes," below).

Municipal Securities purchased by the Fund must be rated within the four highest rating categories of Moody's Investor Services, Inc. ("Moody's") or Standard & Poor's Corporation ("Standard & Poor's") or, if unrated, judged by the Manager to be of comparable quality to Municipal Securities rated within such grades. (See Appendix A of the Additional Statement for a description of those rating categories). Investments in unrated Municipal Securities will not exceed 20% of the Fund's total assets. Not more than 25% of the Fund's total assets will be invested in Municipal Securities that are rated either "Baa" or "MIG2" by Moody's or "BBB" or "SP-2" by Standard & Poor's or, if unrated, judged by the Manager to be of comparable quality to Municipal Securities in those categories, which, although investment grade, may be subject to greater market fluctuations and risks of loss of income and principal than higher-rated Municipal Securities, and may be considered to have speculative characteristics. A subsequent reduction in its rating will not require the disposition of a security. Securities which have fallen below investment grade have a greater risk that the ability of the issuers of such securities to meet their debt obligations will be impaired.

-- Municipal Lease Obligations. The Fund may invest in certificates of participation that represent a proportionate interest in or right to the lease-purchase payment made under municipal lease obligations. While some municipal lease securities may be deemed to be "illiquid" securities (the purchase of which would be limited as described below in "Illiquid and Restricted Securities"), from time to time the Fund may invest more than 5% of its net assets in municipal lease obligations that the Manager has determined to be liquid under guidelines set by the Board of Trustees. Those guidelines require the Manager to evaluate: (1) the frequency of trades and price quotations for such securities; (2) the number of dealers or other potential buyers willing to purchase or sell such securities; (3) the availability of market-makers; and (4) the nature of the trades for such securities. The Manager will also evaluate the likelihood of a continuing market for such securities throughout the time they are held by the Fund and the credit quality of the instrument. See "Investment Objective and Policies - Municipal Securities - Municipal Lease Obligations" in the Additional Statement for more details.

-- Inverse Floaters. From time to time the Fund may invest in variable rate bonds having an interest rate that varies inversely with movements in short-term tax-exempt yields. Such bonds are known as "inverse floaters." As short-term rates rise, inverse floaters produce less current income than conventional long-term municipal bonds having fixed rates.

-- Effect of Interest Rate Changes. The values of Municipal Securities will vary as a result of changing evaluations by rating services and investors of the ability of issuers of such securities to meet interest and principal payments. Such values will also change in response to changes in interest rates. Should interest rates rise, the values of outstanding Municipal Securities will probably decline and (if purchased at principal amount) would sell at a discount; should interest rates fall, the values of outstanding Municipal Securities will probably increase and (if purchased at principal amount) would sell at a premium. Changes in the value of Municipal Securities held in the Fund's portfolio arising from these or other factors will not affect income derived from those securities but will affect the Fund's net asset value per share.

-- Investments in Taxable Securities. The Fund may invest the balance of its assets in investments the income from which may be taxable, including (i) certain "Temporary Investments" (described immediately below); (ii) covered call options and Hedging Instruments (described in "Covered Calls and Hedging" below); (iii) repurchase agreements (explained below); and (iv) municipal securities issued to benefit a private user ("Private Activity Municipal Securities"), the interest from which may be subject to Federal alternative minimum tax (see "Dividends, Distributions and Taxes," below, and "Private Activity Municipal Securities" in the Additional Statement).

"Temporary Investments" the Fund may invest in include: (i) obligations issued or guaranteed by the U.S. Government or its agencies or instrumentalities; (ii) corporate debt securities rated within the three highest grades by Moody's or Standard & Poor's; (iii) commercial paper rated "A-1" by Standard & Poor's or "Prime-1" by Moody's; and (iv) certificates of deposit of domestic banks with assets of \$1 billion or more. The Fund may hold Temporary Investments pending the investment of proceeds from the sale of Fund shares or portfolio securities, or to meet anticipated redemptions. Normally the Fund will not invest more than 20% of its total assets in Private Activity Municipal Securities and other taxable investments described above. However, in times of unstable economic or market conditions, when the Fund's investment adviser, Oppenheimer Management Corporation (the "Manager") determines it advisable to do so, the Fund may assume a temporary defensive position and invest an unlimited amount of its assets in Temporary Investments.

-- Portfolio Turnover. The Fund generally will not engage in the trading of securities for the purpose of realizing short-term gains, but the Fund may sell securities as the Manager deems advisable to take advantage of differentials in yield. While short-term trading increases portfolio turnover, the Fund incurs little or no brokerage costs. See "Portfolio Transactions" in the Additional Statement for further information.

-- Can the Fund's Investment Objective and Policies Change? The Fund has an investment objective, which is described above, as well as investment policies that it follows to try to achieve its objective. Additionally, it uses certain investment techniques and strategies in carrying out those policies. The Fund's investment policies and practices are not "fundamental" unless a particular policy is identified in this Prospectus as "fundamental."

Fundamental policies are those that cannot be changed without the approval of a "majority" of the Fund's outstanding voting shares. The term "majority" is defined in the Investment Company Act to be a particular level of shareholder approval (and this term is explained in the Statement of Additional Information). The Fund's investment objective is a "fundamental policy." The Fund's Board of Trustees may change non-fundamental policies, strategies and techniques without shareholder approval, although significant changes will be described in amendments to this Prospectus.

Other Investment Techniques and Strategies. The Fund may also use the investment techniques and strategies described below, which involve certain risks. The Statement of Additional Information contains more detailed information about these practices, including limitations designed to reduce some of the risks. For more information, please refer to the description of these techniques under the same headings in "Other Investment Techniques and Strategies" in the Statement of Additional Information.

Writing Covered Calls

The Fund may write (i.e., sell) call options ("calls") to generate income for liquidity purposes. The Fund may write calls if: (i) after any sale, not more than 25% of the Fund's total assets are subject to calls; (ii) the calls are listed on a domestic securities exchange or quoted on the automatic quotation system of the National Association of Securities Dealers, Inc. ("NASDAQ"); and (iii) the calls are "covered," i.e., the Fund owns the securities or Futures subject to the call (or other securities acceptable for applicable escrow arrangements) while the call is outstanding. If a covered call written by the Fund is exercised, the Fund foregoes any possible profit from an increase in the market price of the underlying security over the exercise price plus the premium received.

Hedging

As noted above, the Fund may write covered calls to enhance income. For hedging purposes as a temporary defensive maneuver, it may purchase certain put and call options, Interest Rate Futures and Municipal Bond Index Futures (described below), options on such Futures and municipal bond indices and engage in Interest Rate Swap transactions (all of which are referred to as "Hedging Instruments". Hedging Instruments may be used to: (i) to attempt to protect against declines in the market value of the Fund's portfolio resulting from downward trends in the debt securities markets (generally due to a rise in interests rates), or (ii) establish a position in the debt securities market as a temporary substitute for purchasing particular debt securities. The Fund will not use Hedging Instruments for speculation. The covered calls and Hedging Instruments the Fund may use are described below.

-- Purchasing Puts and Calls. The Fund may purchase put options ("puts") which relate to a debt security, Interest Rate Future or Municipal Bond Index Future held by the Fund. The Fund may purchase calls: (i) as to debt securities, Interest Rate Futures or Municipal Bond Index Futures, or (ii) to effect a "closing purchase transaction" to terminate its obligation as to a call it has previously written. A call or put may be purchased only if, after such purchase, the value of all options held by the Fund would not exceed 5% of the Fund's total assets. "Covered Calls and Hedging" in the Additional Statement contains further information about options, including details on payment of premiums for options trading, and on risks, tax effects, and possible benefits to the Fund.

-- Interest Rate Futures and Municipal Bond Index Futures. The Fund may buy and sell futures contracts only if they relate to debt securities ("Interest Rate Futures") or municipal bond indices ("Municipal Bond Index Futures"). The Fund does not intend to enter into Interest Rate Futures, Municipal Bond Index Futures and options on Futures if, after any such purchase or sale, the sum of margin deposits on Futures and premiums paid on Futures options exceeds 5% of the value of the Fund's total assets. The Fund's potential liability generally may be significantly in excess of such amount.

"Covered Calls and Hedging" in the Additional Statement contains further information about the characteristics, risks, tax effects and possible benefits of Interest Rate Futures, Municipal Bond Index Futures and options on such Futures, and the Fund's other limitations (which are not fundamental policies) on investment in such Futures and options thereon. The principal risks are: (a) possible imperfect correlation between the prices of the Futures and the market value of the Fund's portfolio securities; (b) possible lack of a liquid secondary market for closing out a Futures position; (c) the need for additional skills and techniques beyond those required for normal portfolio management; and (d)

losses resulting from market or interest rate movements not anticipated by the Manager.

-- Interest Rate Swap Transactions. The Fund may enter into interest rate swaps. In an interest rate swap, the Fund and another party exchange their respective commitments to pay or receive interest on a security, (e.g., an exchange on floating rate payments for fixed rate payments). The Fund will not use interest rate swaps for leverage. Swap transactions will be entered into only as to security positions held by the Fund. The Fund may not enter into swap transactions with respect to more than 50% of its total assets.

The Fund will segregate liquid assets (e.g., cash, U.S. Government securities or other appropriate high grade debt obligations) equal to the net excess, if any, of its obligations over its entitlements under the swap and will mark to market that amount daily. There is a risk of loss on a swap equal to the net amount of interest payments that the Fund is contractually obligated to make. The credit risk of an interest rate swap depends on the counterparty's ability to perform. The value of the swap may decline if the counterparty's creditworthiness deteriorates. If the counterparty defaults, the Fund risks the loss of the net amount of interest payments that it is contractually entitled to receive. The Fund may be able to reduce or eliminate its exposure to losses under swap agreements either by assignment them to another party, or by entering into an offsetting swap agreement with the same counterparty or another creditworthy counterparty. See "Covered Calls and Hedging" in the Additional Statement for further details.

When-Issued and Delayed Delivery Transactions

The Fund may purchase Municipal Securities on a "when-issued" basis, and may purchase or sell such securities on a "delayed delivery" basis. "When-issued" or "delayed delivery" refer to securities whose terms and indenture are available and for which a market exists, but which are not available for immediate delivery. The Fund does not intend to make such purchases for speculative purposes. During the period between the purchase and settlement, no payment is made for the security and no interest accrues to the buyer from the investment. The commitment to purchase a security for which payment will be made on a future date may be deemed a separate security and involve a risk of loss if the value of the security declines prior to the settlement date. See "Investment Objective and Policies - When-Issued and Delayed Delivery Transactions" in the Additional Statement for further details.

Repurchase Agreements

The Fund may acquire securities subject to repurchase agreements for investment and liquidity purposes, to meet anticipated redemptions, or pending the investment of proceeds from sales of Fund shares or settlement of purchases of portfolio investments. The Fund's repurchase agreements will be fully collateralized. However, if the vendor fails to pay the agreed-upon repurchase price on the delivery date, the Fund's risks may include the costs of disposing of the collateral, and any loss from any delay in foreclosing on the collateral. The Fund will not enter into a repurchase agreement that will cause more than 15% of the Fund's net assets to be subject to repurchase agreements maturing in more than seven days. There is no limit on the amount of the Fund's net assets that may be subject to repurchase agreements maturing in seven days or less. See "Repurchase Agreements" in "Investment Objective and Policies" in the Additional Statement for more details.

Loans of Portfolio Securities

To attempt to increase its income, the Fund may lend its portfolio securities (other than in repurchase transactions) to brokers, dealers and

other financial institutions meeting certain specified credit conditions if the loan is collateralized in accordance with applicable regulatory requirements and if, after any loan, the value of the securities loaned does not exceed 25% of the value of the Fund's total assets. The Fund presently does not intend that the value of securities loaned will exceed 5% of the value of the Fund's total assets. The income on such loans, when distributed by the Fund, will be taxable. See "Loans of Portfolio Securities" in the Additional Statement for further information on securities loans.

Other Investment Restrictions. The Fund has other investment restrictions which, together with its investment objective, are "fundamental policies" changeable only by the vote of a "majority" (as defined in the Investment Company Act of 1940 (the "Investment Company Act")) of the Fund's outstanding voting securities.

Under some of those restrictions, the Fund cannot: (1) Invest in securities or any other investment other than Municipal Securities, Temporary Investments, repurchase agreements, covered calls, Private Activity Municipal Securities and Hedging Instruments (see "The Fund and its Investment Policies" above); (2) Lend any of its assets (repurchase agreements or the purchase of debt securities in accordance with the Fund's investment policies and restrictions are permitted); the Fund may also lend its portfolio securities as described under "Loans of Portfolio Securities"; (3) Borrow money in excess of 10% of the value of its total assets; the Fund may borrow only from banks as a temporary measure for extraordinary or emergency purposes (not for the purpose of leveraging its investments); no assets of the Fund may be pledged, mortgaged or otherwise encumbered, transferred or assigned to secure a debt, however, escrow or other collateral arrangements in connection with Hedging Instruments are not prohibited hereby; (4) Invest more than 5% of the value of its total assets in the securities of any one issuer (see "Diversification" in the Additional Statement) nor acquire more than 10% of the total value of all outstanding securities of any one issuer (in both cases, this restriction does not apply to securities of the U.S. Government or its agencies or instrumentalities); (5) Concentrate investments to the extent of 25% of its total assets in any industry (see "Diversification" in the Additional Statement); however, there is no limitation as to investment in Municipal Securities or in obligations issued by the U.S. Government and its agencies or instrumentalities.

All of the percentage limitations described above and elsewhere in this Prospectus apply to the Fund only at the time of purchasing a security, and the Fund need not dispose of a security merely because the Fund's assets have changed or the security has increased in value relative to the size of the Fund. There are other fundamental policies discussed in "Additional Investment Restrictions" the Statement of Additional Information, along with more information about the Fund's non-fundamental investment policies and strategies.

How the Fund is Managed

Organization and History. The Fund is an open-end, diversified management investment company presently organized as a Massachusetts business trust. It was initially organized as a Maryland corporation in 1976.

The Board of Trustees has the power, without shareholder approval, to divide unissued shares of this Fund into two or more classes, each having its own dividends, distributions and expenses. Each class may have a different net asset value. The Board has done so, and the Fund currently has two classes of shares, Class A and Class B. Each share has one vote at shareholder meetings, with fractional shares voting

proportionally. Only shares of a class vote together on matters that affect that class alone. Shares are freely transferrable.

The Fund is governed by a Board of Trustees, which is responsible for protecting the interests of shareholders under Massachusetts law. The Trustees meet throughout the year to oversee the Fund's activities, review performance, and review the actions of the Manager. "Trustees and Officers of the Fund" in the Statement of Additional Information names the Trustees and provides more information about them and the officers of the Fund. Although the Fund is not required by law to hold annual meetings, it may hold meetings from time to time on important matters, and shareholders have the right to call a meeting to remove Trustees or to take other action described in the Declaration of Trust.

The Manager and its Affiliates. The Fund is managed by the Manager, which chooses the Fund's investments and handles its day-to-day business. The Manager carries out its duties, subject to the policies established by the Board of Trustees, under an Investment Advisory Agreement which states the Manager's responsibilities and its fees, and describes the expenses that the Fund pays to conduct its business.

The Manager has operated as an investment adviser since April 30, 1959. The Manager and its affiliates currently manage investment companies, including other Oppenheimer Funds with assets aggregating over \$26 billion as of December 31, 1993, and having more than 1.8 million shareholder accounts. The Manager is owned by Oppenheimer Acquisition Corp., a holding company owned in part by senior officers of the Manager and controlled by Massachusetts Mutual Life Insurance Company, a mutual life insurance company.

-- Portfolio Manager. Robert E. Patterson, a Senior Vice President of the Manager, serves as Portfolio Manager of the Fund and has been primarily responsible for the day-to-day management of the Fund's portfolio since November, 1988. During the past five years, Mr. Patterson has also served as an officer and portfolio manager for other Oppenheimer Funds. For more information about the Fund's other officers and Trustees, see "Trustees and Officers" in the Additional Statement.

-- Fees and Expenses. Under the Investment Advisory Agreement, the Fund pays the Manager the following annual fees, which decline on additional assets as the Fund grows: 0.60% of the first \$200 million of the Fund's average annual net assets, 0.55% of the next \$100 million, 0.50% of the next \$200 million, 0.45% of the next \$250 million, 0.40% of the next \$250 million, and 0.35% of net assets in excess of \$1 billion. The Fund's management fee for its last fiscal year was ____% of average annual net assets for Class A shares and ____% for Class B shares, which may be higher than the rate paid by some other mutual funds.

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

There is also information about the Fund's brokerage policies and portfolio transactions in "Brokerage Policies of the Fund" in the Statement of Additional Information. Because the Fund purchases most of its portfolio securities directly from the sellers and not through brokers, it therefore incurs relatively little expense for brokerage.

From time to time it may use brokers when buying portfolio securities. When deciding which brokers to use in those cases, the investment advisory agreement allows the Manager to consider whether brokers have sold shares of the Fund or any other funds for which the Manager also serves as investment adviser.

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

-- The Transfer Agent. The Fund's transfer agent is Oppenheimer Shareholder Services, a division of the Manager, which acts as the shareholder servicing agent for the Fund and the other Oppenheimer Funds on an "at-cost" basis. Shareholders should direct inquiries to the Transfer Agent at the address and toll-free numbers shown elsewhere in this Prospectus or on the back cover.

Performance of the Fund

Explanation of Performance Terminology. The Fund uses certain terms to illustrate its performance: "total return" and "yield." These terms are used to show the performance of each class of shares separately, because the performance of each class of shares will usually be different, as a result of the different kinds of expenses each class bears. This performance information may be in advertisements about the Fund or in communications to shareholders. It may be useful to help you see how well your investment has done and to compare it to other funds or market indices, as we have done below.

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

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

When total returns are quoted for Class A shares, they reflect the payment of the maximum initial sales charge. Total returns may be quoted "at net asset value," without considering the effect of the sales charge, and these returns would be reduced if sales charges were deducted. When total returns are shown for Class B shares, they reflect the effect of the contingent deferred sales charge that applies to the period for which total return is shown, or else they may be shown based just on the change in net asset value, without considering the effect of the contingent deferred sales charge.

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

How Has the Fund Performed? Below is a discussion by the Manager of the Fund's performance during its last fiscal year ended December 31, 1993, followed by a graphical comparison of the Fund's performance to an appropriate broad-based market index.

Management's Discussion of Performance

During the twelve months ended December 31, 1993, the performance of the municipal bond market was favorably affected by low interest rates, Federal tax increases and gradual economic growth. The Fund continued to maintain a strong position in higher quality bonds that the Manager considered to be related to essential services and projects that benefit the entire community, such as utilities, toll roads and hospitals. Recent additions to the portfolio followed this basic strategy as the Fund sought attractive yield opportunities among undervalued investment grade municipal bonds. The Fund also sought to lock-in attractive rates with call protection, which prevents the issuer of the bond from calling or redeeming it before maturity. In the opinion of the Manager, the Fund is well diversified both by geographic location and by market sector.

-- Comparing the Fund's Performance to the Market. The chart below shows the performance of a hypothetical \$10,000 investment in each Class of shares of the Fund from the inception of the Class held through December 31, 1993, with all dividends and capital gains distributions reinvested in additional shares. The graph reflects the deduction of the 4.75% maximum initial sales charge on Class A shares and the maximum 5% contingent deferred sales charge for Class B shares.

Because the Fund invests in a variety of debt securities in domestic and foreign markets, the Fund's performance is compared to the performance of the Lehman Brothers Municipal Bond Fund Index. The Lehman Brothers Municipal Bond Index is an unmanaged index of a broad range of investment grade municipal bonds, widely regarded as a measure of the performance of the general municipal bond market and includes a factor for the reinvestment of interest but does not reflect expenses. Index performance reflects reinvestment of income but not capital gains or transaction costs, and none of the data below shows the effect of taxes. While index comparisons may be useful to provide a benchmark for the Fund's performance, it must be noted that the Fund's investments are not limited to the securities in any one index and the index data does not reflect any assessment of the risk of the investments included in the index.

Comparison of Change
In Value of \$10,000
Hypothetical Investment in
Oppenheimer Tax-Free Bond
Fund and Lehman Brothers

Municipal Bond Index

Average Annual Total Return of the Fund at 12/31/93

A Shares	1 Year	5 Years	10 Years
	8.39	8.82%	10.44%

Cumulative Total Return of the Fund at 12/31/93

B Shares	Inception
	3.49%

	Oppenheimer Tax-Free Bond Fund A	Lehman Bros. Muni Bond Index	Oppenheimer Tax-Free Bond Fund B	Lehman Bros. Muni Bond Index
12/31/83	\$ 9,525	\$10,000		
12/31/84	\$10,525	\$11,055		
12/31/85	\$12,787	\$13,269		
12/31/86	\$15,312	\$15,832		
12/31/87	\$15,312	\$16,071		
12/31/88	\$16,769	\$17,703		
12/31/89	\$18,355	\$19,614		
12/31/90	\$19,432	\$21,043		
12/31/91	\$21,791	\$23,598		
12/31/92	\$23,717	\$25,680		
12/31/93	\$26,992	\$28,833		
03/16/93			\$10,000	\$10,000
12/31/93			\$10,348	\$10,826

Past Performance is not predictive of future performance.

YOUR INVESTMENT ACCOUNT

How to Buy Shares

The Fund offers investors two different classes of shares. The different classes of shares represent investments in the same portfolio of securities but are subject to different expenses and will likely have different share prices.

-- Class A Shares. If you buy Class A shares, you pay an initial sales charge (on investments up to \$1 million). If you purchase Class A shares as part of an investment of at least \$1 million in shares of one or more Oppenheimer Funds, and you sell any of those shares within 18 months after your purchase, you will pay a contingent deferred sales charge, which will vary depending on the amount you invested.

-- Class B Shares. If you buy Class B shares, you pay no sales charge at the time of purchase, but if you sell your shares within six years, you will normally pay a contingent deferred sales charge that varies depending on how long you own your shares.

-- Which Class of Shares Should You Choose? Once you decide that the Fund is an appropriate investment for you, the decision as to which class of shares is better suited to your needs depends on a number of factors which you should discuss with your financial advisors:

-- How much do you plan to invest? If you plan to invest a substantial amount, the reduced sales charges available for larger purchases of Class A shares may be more beneficial to you, and for purchases over \$1 million, the contingent deferred sales charge on Class

A shares may be more beneficial. The Distributor will not accept any order for \$1 million or more for Class B shares on behalf of a single investor for that reason.

-- How long do you expect to hold your investment? While future financial needs cannot be predicted with certainty, investors who prefer not to pay an initial sales charge and who plan to hold their shares for more than 6 years might consider Class B shares. Investors who plan to redeem shares within 7 years might prefer Class A shares.

-- Are there differences in account features that matter to you? Because some account features may not be available for Class B shareholders, such as checkwriting, you should carefully review how you plan to use your investment account before deciding which class of shares is better for you. Additionally, the dividends payable to Class B shareholders will be reduced by the additional expenses borne solely by that class, such as the asset-based sales charge to which Class B shares are subject, as described below and in the Statement of Additional Information.

-- How does it affect payments to my broker? A salesperson or any other person who is entitled to receive compensation for selling Fund shares may receive different compensation for selling one class than for selling another class. It is important that investors understand that the purpose of the contingent deferred sales charge and asset-based sales charge for Class B shares is the same as the purpose of the front-end sales charge on sales of Class A shares.

-- How Much Must You Invest? You can open a Fund account with a minimum initial investment of \$1,000 and make additional investments at any time with as little as \$25. There are reduced minimum investments under special investment plans:

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

-- Under pension and profit-sharing plans and Individual Retirement Accounts (IRAs), you can make an initial investment of as little as \$250 (if your IRA is established under an Asset Builder Plan, the \$25 minimum applies), and subsequent investments may be as little as \$25.

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

-- How Are Shares Purchased? You can buy shares several ways -- through any dealer, broker or financial institution that has a sales agreement with the Distributor, or directly through the Distributor, or automatically from your bank account through an Asset Builder Plan under the Oppenheimer Funds AccountLink service. When you buy shares, be sure to specify Class A or Class B shares. If you do not choose, your investment will be made in Class A shares.

-- Buying Shares Through Your Dealer. Your dealer will place your order with the Distributor on your behalf.

-- Buying Shares Through the Distributor. Complete an

OppenheimerFunds New Account Application and return it with a check payable to "Oppenheimer Funds Distributor, Inc." Mail it to P.O. Box 5270, Denver, Colorado 80217. If you don't list a dealer on the application, the Distributor will act as your agent in buying the shares.

-- Buying Shares Through OppenheimerFunds AccountLink. You can use AccountLink to link your Fund account with an account at a U.S. bank or other financial institution that is an Automated Clearing House (ACH) member, to transmit funds electronically to purchase shares, to send redemption proceeds, and to transmit dividends and distributions. Shares are purchased for your account on the regular business day the Distributor is instructed by you to initiate the ACH transfer to buy shares. You can provide those instructions automatically, under an Asset Builder Plan, described below, or by telephone instructions using OppenheimerFunds PhoneLink, also described below. You must request AccountLink privileges on the application or dealer settlement instructions used to establish your account. Please refer to "AccountLink," below for more details.

Shares are sold at the public offering price based on the net asset value that is next determined after the Distributor receives the purchase order in Denver. In most cases, to receive that day's offering price, the Distributor must receive your order by 4:00 P.M., New York time (all references to time in this Prospectus mean "New York time."). The net asset value of each class of shares is determined as of that time on each day The New York Stock Exchange is open (which is a "regular business day"). If you buy shares through a dealer, the dealer must receive your order by 4:00 P.M., on a regular business day and transmit it to the Distributor so that it is received before the Distributor's close of business that day, which is normally 5:00 P.M. The Distributor may reject any purchase order for the Fund's shares, in its sole discretion.

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

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

Amount of Purchase	Front-End Sales Charge As a Percentage of:		Commission as
	Offering Price	Amount Invested	Percentage of Offering Price
Less than \$50,000	4.75%	4.98%	4.00%
\$50,000 or more but less than \$100,000	4.50%	4.71%	3.75%
\$100,000 or more but less than \$250,000	3.50%	3.63%	2.75%
\$250,000 or more but less than \$500,000	2.50%	2.56%	2.00%

\$500,000 or more but less than \$1 million	2.00%	2.04%	1.60%
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The Distributor reserves the right to reallocate the entire commission to dealers. If that occurs, the dealer may be considered an "underwriter" under Federal securities laws.

-- Class A Contingent Deferred Sales Charge. There is no initial sales charge on purchases of Class A shares of any one or more OppenheimerFunds aggregating \$1 million or more. However, the Distributor pays dealers of record commissions on such purchases in an amount equal to the sum of 1.0% of the first \$2.5 million, plus 0.50% of the next \$2.5 million, plus 0.25% of share purchases over \$5 million. However, that commission will be paid only on the amount of those purchases in excess of \$1 million that were not previously subject to a front-end sales charge and dealer commission.

If you redeem any of those shares within 18 months of the end of the calendar month of their purchase, a contingent deferred sales charge (called the "Class A contingent deferred sales charge") will be deducted from the redemption proceeds. That sales charge will be equal to 1.0% of the aggregate net asset value of either (1) the redeemed shares (not including shares purchased by reinvestment of dividends or capital gain distributions) or (2) the original cost of the shares, whichever is less. However, the Class A contingent deferred sales charge will not exceed the aggregate commissions the Distributor paid to your dealer on all Class A shares of all OppenheimerFunds you purchased subject to the Class A contingent deferred sales charge. In determining whether a contingent deferred sales charge is payable, the Fund will first redeem shares that are not subject to the sales charge, including shares purchased by reinvestment of dividends and capital gains, and then will redeem other shares in the order that you purchased them. The Class A contingent deferred sales charge is waived in certain cases described in "Waivers of Class A Sales Charges" below.

No Class A contingent deferred sales charge is charged on exchanges of shares under the Fund's Exchange Privilege (described below). However, if the shares acquired by exchange are redeemed within 18 months of the end of the calendar month of the purchase of the exchanged shares, the sales charge will apply.

-- Special Arrangements With Dealers. The Distributor may advance up to 13 months' commissions to dealers that have established special arrangements with the Distributor for Asset Builder Plans for their clients. From time to time, the Distributor may make special arrangements with dealers and make additional payments if the dealer meets specified sales criteria and other requirements. Dealers whose sales of OppenheimerFunds (other than money market funds) under OppenheimerFunds-sponsored 403(b) custodial plans exceed \$5 million per year (calculated per quarter), will receive monthly one-half of the Distributor's retained commissions on those sales, and if those sales exceed \$10 million per year, those dealers will receive the Distributor's entire retained commission on those sales. The Distributor may sponsor an annual sales conference to which a dealer firm is eligible to send, with a guest, a registered representative who sells more than \$2.5 million of Class A shares of OppenheimerFunds (other than money market funds) in a calendar year, or the dealer may, at its option, receive the equivalent cash value of that award as additional commission.

-- Reduced Sales Charges for Class A Share Purchases. You may be eligible to buy Class A shares at reduced sales charge rates in one or

more of the following ways:

-- Right of Accumulation. You and your spouse can cumulate Class A shares you purchase for your own accounts, or jointly, or on behalf of your children who are minors, under trust or custodial accounts. A fiduciary can cumulate shares purchased for a trust, estate or other fiduciary account (including one or more employee benefit plans of the same employer) that has multiple accounts.

Additionally, you can cumulate current purchases of Class A shares of the Fund and other OppenheimerFunds with Class A shares of OppenheimerFunds you previously purchased subject to a sales charge, provided that you still hold your investment in one of the OppenheimerFunds; the value of those shares will be based on the greater of the amount you paid for the shares or their current value (at offering price). The OppenheimerFunds are listed in "Reduced Sales Charges" in the Statement of Additional Information, or a list can be obtained from the Transfer Agent. The reduced sales charge will apply only to current purchases and must be requested when you buy your shares.

-- Letter of Intent. Under a Letter of Intent, you may purchase Class A shares of the Fund and other OppenheimerFunds during a 13-month period at the reduced sales charge rate that applies to the aggregate amount of the intended purchases, including purchases made up to 90 days before the date of the Letter. More information is contained in the Application and in "Reduced Sales Charges" in the Statement of Additional Information.

-- Waivers of Class A Sales Charges. No sales charge is imposed on sales of Class A shares to the following persons: (1) the Manager or its affiliates; (2) present or former officers, directors, trustees and employees (and their "immediate families" as defined in "Reduced Sales Charges" in the Statement of Additional Information) of the Fund, the Manager and its affiliates, and retirement plans established by them for their employees; (3) registered management investment companies, or separate accounts of insurance companies having an agreement with the Manager or the Distributor for that purpose; (4) dealers or brokers that have a sales agreement with the Distributor, if they purchase shares for their own accounts or for retirement plans for their employees; (5) employees (and their spouses) of dealers or brokers described above or financial institutions that have entered into sales arrangements with such dealers or brokers (and are identified to the Distributor) or with the Distributor; the purchaser must certify to the Distributor at the time of purchase that the purchase is for the purchaser's own account (or for the benefit of such employee's spouse or minor children); (6) dealers, brokers or registered investment advisers that have entered into an agreement with the Distributor providing specifically for the use of shares of the Fund in particular investment products made available to their clients.

Additionally, no sales charge is imposed on shares that are (a) issued in plans of reorganization, such as mergers, asset acquisitions and exchange offers, to which the Fund is a party or (b) purchased by the reinvestment of loan repayments by a participant in a retirement plan for which the Manager or its affiliates acts as sponsor, or (c) purchased by the reinvestment of dividends or other distributions reinvested from the Fund or other OppenheimerFunds (other than the Cash Reserves Funds) or unit investment trusts for which reinvestment arrangements have been made with the Distributor. There is a further discussion of this policy in "Reduced Sales Charges" in the Statement of Additional Information.

The Class A contingent deferred sales charge is also waived if shares are redeemed in the following cases: (1) retirement distributions or loans

to participants or beneficiaries from qualified retirement plans, deferred compensation plans or other employee benefit plans ("Retirement Plans"), (2) returns of excess contributions made to Retirement Plans, (3) Automatic Withdrawal Plan payments that are limited to no more than 12% of the original account value annually, and (4) involuntary redemptions of shares by operation of law or under the procedures set forth in the Fund's Declaration of Trust or adopted by the Board of Trustees.

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

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

Class B Shares. Class B shares are sold at net asset value per share without an initial sales charge. However, if Class B shares are redeemed within 6 years of their purchase, a contingent deferred sales charge will be deducted from the redemption proceeds. That sales charge will not apply to shares purchased by the reinvestment of dividends or capital gains distributions. The charge will be assessed on the lesser of the net asset value of the shares at the time of redemption or the original purchase price. The contingent deferred sales charge is not imposed on the amount of your account value represented by the increase in net asset value over the initial purchase price (including increases due to the reinvestment of dividends and capital gains distributions). The Class B contingent deferred sales charge is paid to the Distributor to reimburse its expenses of providing distribution-related services to the Fund in connection with the sale of Class B shares.

To determine whether the contingent deferred sales charge applies to a redemption, the Fund redeems shares in the following order: (1) shares acquired by reinvestment of dividends and capital gains distributions, (2) shares held for over 6 years, and (3) shares held the longest during the 6-year period.

The amount of the contingent deferred sales charge will depend on the number of years since you invested and the dollar amount being redeemed, according to the following schedule:

Years Since Purchase Payment Was Made	Contingent Deferred Sales Charge On Redemptions in That Year (As % of Amount Subject to Charge)
0-1	5.0%

1-2	4.0%
2-3	3.0%
3-4	3.0%
4-5	2.0%
5-6	1.0%
6 and following	None

In the table, a "year" is a 12-month period. All purchases are considered to have been made on the first regular business day of the month in which the purchase was made.

-- Waivers of Class B Sales Charge. The Class B contingent deferred sales charge will be waived if the shareholder requests it for any of the following redemptions: (1) distributions to participants or beneficiaries from Retirement Plans, if the distributions are made (a) under an Automatic Withdrawal Plan after the participant reaches age 59-1/2, as long as the payments are no more than 10% of the account value annually (measured from the date the Transfer Agent receives the request), or (b) following the death or disability (as defined in the Internal Revenue Code) of the participant or beneficiary; (2) redemptions from accounts other than Retirement Plans following the death or disability of the shareholder (as evidenced by a determination of disability by the Social Security Administration), and (3) returns of excess contributions to Retirement Plans.

The contingent deferred sales charge is also waived on Class B shares in the following cases: (i) shares sold to the Manager or its affiliates; (ii) shares sold to registered management investment companies or separate accounts of insurance companies having an agreement with the Manager or the Distributor for that purpose; (iii) shares issued in plans of reorganization to which the Fund is a party; and (iv) shares redeemed in involuntary redemptions as described above. Further details about this policy are contained in "Reduced Sales Charges" in the Statement of Additional Information.

-- Automatic Conversion of Class B Shares. 72 months after you purchase Class B shares, those shares will automatically convert to Class A shares. This conversion feature relieves Class B shareholders of the asset-based sales charge that applies to Class B shares under the Class B Distribution Plan, described below. The conversion is based on the relative net asset value of the two classes, and no sales load or other charge is imposed. When Class B shares convert, any other Class B shares that were acquired by the reinvestment of dividends and distributions on the converted shares will also convert to Class A shares. The conversion feature is subject to the continued availability of a tax ruling described in "Alternative Sales Arrangements - Class A and Class B Shares" in the Statement of Additional Information.

-- Distribution and Service Plan for Class B Shares. The Fund has adopted a Distribution and Service Plan for Class B shares to compensate the Distributor for its services and costs in distributing Class B shares and servicing accounts. Under the Plan, the Fund pays the Distributor an annual "asset-based sales charge" of 0.75% per year on Class B shares that are outstanding for 6 years or less. The Distributor also receives a service fee of 0.25% per year. Both fees are computed on the average annual net assets of Class B shares, determined as of the close of each

regular business day. The asset-based sales charge allows investors to buy Class B shares without a front-end sales charge while allowing the Distributor to compensate dealers that sell Class B shares.

The Distributor uses the service fee to compensate dealers for providing personal service for accounts that hold Class B shares. Those services are similar to those provided under the Class A Service Plan, described above. The asset-based sales charge and service fees increase Class B expenses by up to 1.00% of average net assets per year.

The Distributor pays the 0.25% service fee to dealers in advance for the first year after Class B shares have been sold by the dealer. After the shares have been held for a year, the Distributor pays the fee on a quarterly basis. The Distributor pays sales commissions of 3.75% of the purchase price to dealers from its own resources at the time of sale. The Distributor retains the asset-based sales charge to recoup the sales commissions it pays, the advances of service fee payments it makes, and its financing costs.

If the Plan is terminated by the Fund, it provides for continuing payments of the asset-based sales charge to the Distributor for certain expenses already incurred. The accounting treatment for the Fund's obligation under the Plan for those future payments is discussed in "Distribution and Service Plans" in the Statement of Additional Information. The accounting standards now used are currently under review by the American Institute of Certified Public Accountants, and it is possible that those standards will change and that the Fund's Class B Plan would be changed as a result. At December 31, 1993, the end of the Plan year, the Distributor had incurred unreimbursed expenses under the Plan of \$ _____ (equal to ____% of the Fund's net assets represented by Class B shares on that date), which have been carried over into the present Plan year.

Special Investor Services

AccountLink. OppenheimerFunds AccountLink links your Fund account to your account at your bank or other financial institution to enable you to send money electronically between those accounts to perform a number of types of account transactions, including purchases of shares by telephone (either through a service representative or by PhoneLink, described below), automatic investments under Asset Builder Plans, and sending dividends and distributions or Automatic Withdrawal Plan payments directly to your bank account. Please refer to the Application for details or call the Transfer Agent for more information.

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

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

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

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

-- Exchanging Shares. With the OppenheimerFunds Exchange Privilege, described below, you can exchange shares automatically by phone from your Fund account to another OppenheimerFunds account you have already established by calling the special PhoneLink number. Please refer to "Exchange Privilege," below, for details.

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

Automatic Withdrawal and Exchange Plans. The Fund has several plans that enable you to sell shares automatically or exchange them to another OppenheimerFunds account on a regular basis:

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

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

Reinvestment Privilege. If you redeem some or all of your Fund shares, you have up to 6 months to reinvest all or part of the redemption proceeds in Class A shares of the Fund or other OppenheimerFunds without paying sales charge. This privilege applies to Class A shares that you sell, and Class B shares on which you paid a contingent deferred sales charge when you redeemed them. You must be sure to ask the Distributor for this privilege when you send your payment. Please consult the Statement of Additional Information for more details.

How to Sell Shares

You can arrange to take money out of your account on any regular business day by selling (redeeming) some or all of your shares. Your shares will be sold at the next net asset value calculated after your order is received and accepted by the Transfer Agent. The Fund offers you a number of ways to sell your shares: in writing, by using the Fund's Checkwriting privilege or by telephone. You can also set up Automatic Withdrawal Plans to redeem shares on a regular basis, as described above. If you have questions about any of these procedures, and especially if you

are redeeming shares in a special situation, such as due to the death of the owner, or from a retirement plan, please call the Transfer Agent first, at 1-800-525-7048, for assistance.

-- Certain Requests Require a Signature Guarantee. To protect you and the Fund from fraud, certain redemption requests must be in writing and must include a signature guarantee in the following situations (there may be other situations also requiring a signature guarantee):

-- You wish to redeem more than \$50,000 worth of shares and receive a check

-- The check is not payable to all shareholders listed on the account statement

-- The check is not sent to the address of record on your statement

-- Shares are being transferred to a Fund account with a different owner or name

-- Shares are redeemed by someone other than the owners (such as an Executor)

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

Selling Shares by Mail. Write a "letter of instructions" that includes:

-- Your name

-- The Fund's name

-- Your Fund account number (from your statement)

-- The dollar amount or number of shares to be redeemed

-- Any special payment instructions

-- Any share certificates for the shares you are selling, and

-- Any special requirements or documents requested by the Transfer

Agent to assure proper authorization of the person asking to sell shares.

Use the following address for requests by mail:

Oppenheimer Shareholder Services

P.O. Box 5270, Denver, Colorado 80217

Send courier or Express Mail requests to:

Oppenheimer Shareholder Services

10200 E. Girard Avenue, Building D

Denver, Colorado 80231

Selling Shares by Telephone. You and your dealer representative of record may also sell your shares by telephone. To receive the redemption price on a regular business day, your call must be received by the Transfer Agent by 4:00 P.M. You may not redeem shares held in an Oppenheimer Funds retirement plan or under a share certificate by telephone.

-- To redeem shares through a service representative, call 1-800-852-8457

-- To redeem shares automatically on PhoneLink, call 1-800-533-3310

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

-- Telephone Redemptions Paid by Check. Up to \$50,000 may be redeemed by telephone, once in each 7-day period. The check must be payable to all owners of record of the shares and must be sent to the address on the account. This service is not available within 30 days of changing the address on an account.

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

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

-- Checks can be written to the order of whomever you wish, but may not be cashed at the Fund's bank or custodian.

-- Checkwriting privileges are not available for accounts holding Class B shares or Class A shares that are subject to a contingent deferred sales charge.

-- Checks must be written for at least \$100.

-- Checks cannot be paid if they are written for more than your account value.

Remember: your shares fluctuate in value and you should not write a check close to the total account value.

-- You may not write a check that would require the Fund to redeem shares that were purchased by check or Asset Builder Plan payments within the prior 15 days.

-- Don't use your checks if you changed your Fund account number.

The Fund will charge a \$10 fee for any check that is not paid because (1) the owners of the account told the Fund not to pay the check, or (2) the check was for more than the account balance, or (3) the check did not have the proper signatures, (4) or the check was written for less than \$100.

How to Exchange Shares

Shares of the Fund may be exchanged for shares of certain OppenheimerFunds at net asset value per share at the time of exchange, without sales charge. A \$5 service fee will be deducted from the fund account you are exchanging into to help defray administrative costs. That charge is waived for automated exchanges between existing accounts on PhoneLink described below. To exchange shares, you must meet several conditions:

-- Shares of the fund selected for exchange must be available for sale in your state of residence

-- The prospectuses of this Fund and the fund whose shares you want to buy must offer the exchange privilege

-- You must hold the shares you buy when you establish your account for at least 7 days before you can exchange them; after the account is open 7 days, you can exchange shares every regular business day

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

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

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

Exchanges may be requested in writing or by telephone:

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

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

You can obtain a list of eligible OppenheimerFunds in the Statement of Additional Information or by calling the Transfer Agent at 1-800-525-7048. Exchanges of shares involve a redemption of the shares of the fund you own and a purchase of shares of the other fund.

There are certain exchange policies you should be aware of:

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

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

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

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

exchange will be exchanged.

Shareholder Account Rules and Policies

-- Net Asset Value Per Share is determined for each class of shares as of 4:00 P.M. each day The New York Stock Exchange is open by dividing the value of the Fund's net assets attributable to a class by the number of shares of that class that are outstanding. The Fund's Board of Trustees has established procedures to value the Fund's securities to determine net asset value. In general, securities values are based on market value. There are special procedures for valuing illiquid and restricted securities, short-term obligations for which market values cannot be readily obtained, and call options and hedging instruments. These procedures are described more completely in the Statement of Additional Information.

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

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

-- The Transfer Agent will record any telephone calls to verify data concerning transactions and has adopted other procedures to confirm that telephone instructions are genuine, by requiring callers to provide tax identification numbers and other account data or by using PINs, and by confirming such transactions in writing. If the Transfer Agent does not use reasonable procedures it may be liable for losses due to unauthorized transactions, but otherwise it will not be liable for losses or expenses arising out of telephone instructions reasonably believed to be genuine. If you are unable to reach the Transfer Agent during periods of unusual market activity, you may not be able to complete a telephone transaction and should consider placing your order by mail.

-- Redemption or transfer requests will not be honored until the Transfer Agent receives all required documents in proper form. From time to time, the Transfer Agent in its discretion may waive certain of the requirements for redemptions stated in this Prospectus.

-- Dealers that can perform account transactions for their clients by participating in NETWORKING through the National Securities Clearing Corporation are responsible for obtaining their clients' permission to perform those transactions and are responsible to their clients who are shareholders of the Fund if the Dealer performs any transaction erroneously.

-- The redemption price for shares will vary from day to day because the value of the securities in the Fund's portfolio fluctuates, and the redemption price, which is the net asset value per share, will normally be different for Class A and Class B shares. Therefore, the redemption value of your shares may be more or less than their original cost.

-- Payment for redeemed shares is made ordinarily in cash and forwarded by check or through AccountLink (as elected by the shareholder under the redemption procedures described above) within 7 days after the

Transfer Agent receives redemption instructions in proper form, except under unusual circumstances determined by the Securities and Exchange Commission delaying or suspending such payments. The Transfer Agent may delay forwarding a check or processing a payment via AccountLink for recently purchased shares, but only until the purchase payment has cleared. That delay may be as much as 15 days from the date the shares were purchased. That delay may be avoided if you arrange with your bank to provide telephone or written assurance to the Transfer Agent that your purchase payment has cleared.

-- Involuntary redemptions of small accounts may be made by the Fund if the account value has fallen below \$200 for reasons other than the fact that the market value of shares has dropped, and in some cases involuntary redemptions may be made to repay the Distributor for losses from the cancellation of share purchase orders. Under unusual circumstances, shares of the Fund may be redeemed "in kind," which means that the redemption proceeds will be paid with securities from the Fund's portfolio. Please refer to the Statement of Additional Information for more details.

-- "Backup Withholding" of Federal income tax may be applied at the rate of 31% from dividends, distributions and redemption proceeds (including exchanges) if you fail to furnish the Fund a certified Social Security or taxpayer identification number when you sign your application, or if you violate Internal Revenue Service regulations on tax reporting of dividends.

-- The Fund does not charge a redemption fee, but if your dealer or broker handles your redemption, they may charge a fee. That fee can be avoided by redeeming your Fund shares directly through the Transfer Agent. Under the circumstances described in "How To Buy Shares," you may be subject to a contingent deferred sales charges when redeeming certain Class A and Class B shares.

Dividends, Capital Gains and Taxes

Dividends. The Fund declares dividends separately for Class A and Class B shares from net investment income each regular business day and pays those dividends to shareholders monthly. Normally, dividends are paid on _____, but the Board of Trustees can change that date. Distributions may be made monthly from any net short-term capital gains the Fund realizes in selling securities. It is expected that distributions paid with respect to Class A shares will generally be higher than for Class B shares because expenses allocable to Class B shares will generally be higher.

Capital Gains. The Fund may make distributions annually in December out of any net short-term or long-term capital gains, and the Fund may make supplemental distributions of dividends and capital gains following the end of its fiscal year. Long-term capital gains will be separately identified in the tax information the Fund sends you after the end of the year. Short-term capital gains are treated as dividends.

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

-- Reinvest all distributions in the Fund. You can elect to reinvest all dividends and long-term capital gains distributions in additional shares of the Fund.

-- Reinvest capital gains only. You can elect to reinvest long-term

capital gains in the Fund while receiving dividends by check or sent to your bank account on AccountLink.

-- Receive all distributions in cash. You can elect to receive a check for all dividends and long-term capital gains distributions or have them sent to your bank on AccountLink.

-- Reinvest your distributions in another OppenheimerFunds account. You can reinvest all distributions in another OppenheimerFunds account you have established.

Taxes. If your account is not a tax-deferred retirement account, you should be aware of the following tax implications of investing in the Fund. Long-term capital gains are taxable as long-term capital gains when distributed to shareholders. Dividends paid from short-term capital gains and net investment income are taxable as ordinary income. Distributions are subject to federal income tax and may be subject to state or local taxes. Your distributions are taxable when paid, whether you reinvest them in additional shares or take them in cash. Every year the Fund will send you and the IRS a statement showing the amount of each taxable distribution you received in the previous year.

-- "Buying a Dividend": When a fund goes ex-dividend, its share price is reduced by the amount of the distribution. If you buy shares on or just before the ex-dividend date, you will pay the full price for the shares and then receive a portion of the price back as a taxable dividend.

-- Taxes on transactions: Share redemptions, including redemptions for exchanges, are subject to capital gains tax. A capital gain or loss is the difference between the price you paid for the shares and the price you received when you sold them.

-- Returns of Capital: If distributions made by the Fund must be recharacterized at the end of a fiscal year because of the Fund's investment policies (for example, due to losses on foreign currency exchange), shareholders may have a non-taxable return of capital. This will be identified in notices to shareholders. Exempt-interest dividends which are derived from net investment income earned by the Fund on Municipal Securities will be excludable from gross income of shareholders for Federal income tax purposes. Net investment income includes the allocation of amounts of income from the Municipal Securities in the Fund's portfolio which are free from Federal income taxes. This allocation will be made by the use of one designated percentage applied uniformly to all income dividends made during the Fund's tax year. Such designation will normally be made following the end of each fiscal year as to income dividends paid in the prior year. The percentage of income designated as tax-exempt may substantially differ from the percentage of the Fund's income that was tax-exempt for a given period. A portion of the exempt-interest dividends paid by the Fund may be an item of tax preference for shareholders subject to the alternative minimum tax. All of the Fund's dividends (excluding capital gains distributions) paid during 1992 were exempt from Federal income taxes, and were not tax preference items. Corporate shareholders and "substantial users" of facilities financed by Private Activity Municipal Securities should see "Private Activity Municipal Securities" in the Additional Statement before purchasing shares.

This information is only a summary of certain federal tax information about your investment. More information is contained in the Statement of Additional Information, and in addition you should consult with your tax advisor about the effect of an investment in the Fund on your particular tax situation.

Appendix: Description of Ratings Categories

Municipal Bond Ratings.

Moody's Investor Services Inc. The four highest ratings of Moody's for Municipal Securities are "Aaa," "Aa," "A" and "Baa." Moody's basis of such ratings is as follows. Municipal Securities rated "Aaa" are judged to be of the "best quality." The rating "Aa" is assigned to bonds which are of "high quality by all standards," but as to which margins of protection or other elements make long-term risks appear somewhat larger than "Aaa" rated Municipal Securities. The "Aaa" and "Aa" rated bonds comprise what are generally known as "high grade bonds." Municipal Securities which are rated "A" by Moody's possess many favorable investment attributes and are considered "upper medium grade obligations." Factors giving security to principal and interest of bonds rated "A" are considered adequate, but elements may be present which suggest a susceptibility to impairment at some time in the future. Municipal Securities rated "Baa" are considered "medium grade" obligations. 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. Those bonds in the "Aa," "A" and "Baa" groups which Moody's believes possess the strongest attributes are designated "Aa1," "A1" and "Baa1."

In addition to the alphabetical rating system described above, Municipal Securities rated by Moody's which have a demand feature that provides the holder with the ability periodically to tender (put) the portion of the debt covered by the demand feature, may also have a short-term rating assigned to such demand feature. The short-term rating uses the symbol "VMIG" to distinguish characteristics which include payment upon periodic demand rather than fund or scheduled maturity dates and potential reliance upon external liquidity, as well as other factors. The highest investment quality is designated by the "VMIG 1" rating and the lowest by "VMIG 4."

Standard & Poor's Corporation. The four highest ratings of Standard & Poor's for Municipal Securities are "AAA" (Prime), "AA" (High Grade), "A" (Good Grade), and "BBB" (Medium Grade). Standard & Poor's basis of such ratings is as follows. Municipal Securities rated "AAA" are "obligations of the highest quality." The rating "AA" is accorded issues with investment characteristics "only slightly less marked than those of the prime quality issues." The rating "A" describes "the third strongest capacity for payment of debt service." Principal and interest payments on bonds in this category are regarded as safe. It differs from the two higher ratings because, with respect to general obligation bonds, there is some weakness, either 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. With respect to revenue bonds rated "A," 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. The "BBB" rating is the lowest "investment grade" security rating. The difference between "A" and "BBB" ratings 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. With respect to revenue bonds, debt coverage is only fair. Stability of the pledged revenues could show 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. The ratings

"AA," "A," and "BBB" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Municipal Note Ratings.

Moody's. Moody's ratings for state and Municipal Notes and other short-term loans are designated "Moody's Investment Grade" ("MIG"). Notes bearing the designation "MIG 1" are of the best quality, enjoying strong protection from established cash flows of funds for their servicing or from established and broad-based access to the market for financing. Notes bearing the designation "MIG 2" are of high quality, with ample margins of protection, although not so large as notes rated "MIG 1." Such short-term notes which have demand features may also carry a rating using the symbol "VMIG" as described above, with the designation "MIG 1/VMIG 1" denoting best quality, with superior liquidity support in addition to those characteristics attributable to the designation "MIG 1."

Standard & Poor's. Standard & Poor's ratings for Municipal Notes due in three years or less are "SP1" and "SP2." "SP1" describes issues with a very strong or strong capacity to pay principal and interest and compares with bonds rated "A" by Standard & Poor's; if modified by a plus sign, it compares with bonds rated "AA" or "AAA" by Standard & Poor's. "SP2" describes issues with a satisfactory capacity to pay principal and interest, and compares with bonds rated "BBB" by Standard & Poor's.

Corporate Bond Ratings

Moody's Investors Service, Inc. Bonds which are rated "Aaa" by Moody's are judged to be the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is deemed secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong positions of such issues. Bonds which are rated "Aa" are judged to be of high quality by all standards. Together with the "Aaa" group they comprise what are generally known as "high grade" bonds. Bonds rated "Aa" are rated lower than the best bonds because margins of protection may not be as large as in "Aaa" bonds or fluctuations of protective elements may be of greater amplitude, or there may be other elements present which make the long-term risks appear somewhat larger than with "Aaa" bonds. Bonds which are rated "A" possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future. Bonds which are rated "Baa" are considered 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 have speculative characteristics as well.

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

In addition to the alphabetical rating system described above, Municipal Bonds rated by Moody's which have a demand feature that provides the holder with the ability periodically to tender (put) the portion of

the debt covered by the demand feature, may also have a short-term rating assigned to such demand feature. The short-term rating uses the symbol "VMIG" to distinguish characteristics which include payment upon periodic demand rather than fund or scheduled maturity dates and potential reliance upon external liquidity, as well as other factors. The highest investment quality is designated by the "VMIG 1" rating and the lowest by "VMIG 4."

Standard and Poor's Corporation. Bonds rated "AAA" by Standard & Poor's have the highest rating assigned by this rating service. Capacity to pay interest and repay principal is deemed extremely strong. Bonds rated "AA" have a strong capacity to pay interest and repay principal and differ from "AAA" issues only in small degrees. Bonds rated "A" have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effect of changes in circumstances and economic conditions than bonds in higher rated categories. Bonds rated "BBB" are regarded as having an adequate capacity to pay principal and interest. Whereas they normally exhibit protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay principal and interest for bonds in this capacity than for bonds in the "A" category. The ratings from "AA" to "BB" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

Commercial Paper

Moody's. Moody's commercial paper ratings are opinions of the ability of issuers to repay punctually promissory obligations. Moody's employs the following three designations, all judged to be investment grade, to indicate the relative repayment capacity of rated issuers: Prime 1 - Highest Quality; Prime 2 - Higher Quality; Prime 3 - High Quality.

Standard & Poor's. A Standard & Poor's commercial paper rating is a current assessment of the likelihood of timely payment. Ratings are graded into four categories, ranging from "A" for the highest quality obligations to "D" for the lowest. Issues assigned the highest rating, "A," 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. The designation "A1" indicates that the degree of safety regarding timely payment is either overwhelming or very strong. The "+" designation is applied to those issues rated "A1" which possess safety characteristics. Capacity for timely payment on issues with the designation "A2" is strong. However, the relative degree of safety is not as high as for issuers designated "A1." Issues carrying the designation "A3" have a satisfactory capacity for timely payment. They are, however, somewhat more vulnerable to the adverse effect of changes in circumstances than obligations carrying the higher designations.

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New York, New York 10048-0203

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Transfer and Shareholder Servicing Agent
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Denver, Colorado 80217
1-800-525-7048

OPPENHEIMER
Tax-Free
Bond Fund

Effective May 1, 1994

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One Citicorp Center
New York, New York 10154

Independent Auditors
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707 Seventeenth Street
Denver, Colorado 80202

Counsel
Gordon Altman Butowsky
Weitzen Shalov & Wein
114 West 47th Street
New York, New York 10036

No dealer, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this Prospectus or the Additional Statement, and if given or made, such information and representations must not be relied upon as having been authorized by the Fund, Oppenheimer Management Corporation, Oppenheimer Funds Distributor, Inc., or any affiliate thereof. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state.

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Prospectus and
New Account Application

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STATEMENT OF ADDITIONAL INFORMATION

OPPENHEIMER TAX-FREE BOND FUND

Two World Trade Center, New York, New York 10048-0203
1-800-525-7048

This Statement of Additional Information (the "Additional Statement") is not a Prospectus. This Additional Statement should be read together with the Prospectus dated April 29, 1994 (the "Prospectus") of Oppenheimer Tax-Free Bond Fund (the "Fund"), which may be obtained upon written request to Oppenheimer Shareholder Services (the "Transfer Agent"), P.O. Box 5270, Denver, Colorado 80217 or by calling the Transfer Agent at the toll-free number shown above.

TABLE OF CONTENTS

	Page
Investment Objective and Policies.	
Additional Investment Restrictions	
Trustees and Officers of the Fund.	
How the Fund is Managed.	
Brokerage Policies of the Fund	

Your Investment Account.

Performance of the Fund.

Distribution and Services Plans.

Dividends, Capital Gains and Taxes

Additional Information about the Fund.

Independent Auditors' Report

Financial Statements of the Fund

Appendix A: Equivalent Yield Chart

This Additional Statement is effective May 1, 1994.

INVESTMENT OBJECTIVES AND POLICIES

The investment objective and policies of the Fund are described in the Prospectus. Set forth below is supplemental information about those policies and the types of securities in which the Fund invests. Certain capitalized terms used in this Additional Statement have the same meaning as those terms have in the Prospectus.

Municipal Securities. The types of Municipal Securities in which the Fund may invest are described in "The Fund and its Investment Policies" in the Prospectus. Below is a discussion of the general characteristics of types of Municipal Securities.

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

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

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

Industrial Development Bonds. Industrial development bonds, which are considered municipal bonds if the interest paid is exempt from federal income tax, are issued by or on behalf of public authorities to raise money to finance various privately operated facilities for business

and manufacturing, housing, sports, and pollution control. These bonds are also used to finance public facilities such as airports, mass transit systems, ports, and parking. The payment of the principal and interest on such bonds is dependent solely on the ability of the facility's user to meet its financial obligations and the pledge, if any, of real and personal property so financed as security for such payment.

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

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

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

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

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

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

Floating Rate/Variable Rate Obligations. Floating rate and variable rate demand notes are tax-exempt obligations which may have a stated maturity in excess of one year, but may include features that permit the holder to recover the principal amount of the underlying security at specified intervals not exceeding one year and upon no more than 30 days' notice. The issuer of such notes normally has a corresponding right, after a given period, to prepay in its discretion the outstanding principal amount of the note plus accrued interest upon a specified number of days notice to the holder. The interest rate on a floating rate demand note is based on a stated prevailing market rate, such as a bank's prime rate, the 90-day U.S. Treasury Bill rate, or some other standard, and is adjusted automatically each time such rate is adjusted. The interest rate on a variable rate demand note is also based on a stated prevailing market rate but is adjusted automatically at specified intervals of no less than one year. Generally, the changes in the interest rate on such securities reduce the fluctuation in their market value. As interest rates decrease or increase, the potential for capital appreciation or depreciation is less than that for fixed-rate obligations of the same maturity. The Manager may determine that an unrated floating rate or variable rate demand obligation meets the Fund's quality standards by reason of being backed by a letter of credit or guarantee issued by a bank that meets the Fund's quality standards. Floating rate or variable rate obligations which do not provide for recovery of principal and interest within seven days will be subject to the limitations applicable to illiquid securities

described in "The Fund and Its Investment Policies - Repurchase Agreements" in the Prospectus. There is no limit on the amount of the Fund's assets that may be invested in floating rate and variable rate obligations.

Municipal Lease Securities. Municipal leases may take the form of a lease or an installment purchase contract issued by a state or local government authority to obtain funds to acquire a wide variety of equipment and facilities. Although lease obligations do not constitute general obligations of the municipality for which the municipality's taxing power is pledged, a lease obligation is ordinarily 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. In addition to the risk of "non-appropriation," municipal lease securities do not yet have a highly developed market to provide the degree of liquidity of conventional municipal bonds. Municipal leases, like other municipal debt obligations, are subject to the risk of non-payment. The ability of issuers of municipal leases to make timely lease payments may be adversely affected in general economic downturns and as relative governmental cost burdens are reallocated among federal, state and local governmental units. Such non-payment would result in a reduction of income to the Fund, and could result in a reduction in the value of the municipal lease experiencing non-payment and a potential decrease in the net asset value of the Fund.

Inverse Floaters. The Fund will invest in inverse floaters in the expectation that they will provide higher expected tax-exempt yields than are available for fixed-rate bonds having comparable credit ratings and maturity. In certain instances, the holder of an inverse floater may have an option to convert it into a fixed-rate bond pursuant to a "rate lock option." Inverse floaters may produce relatively high current income, reflecting the spread between short-term and long-term tax-exempt interest rates. As long as the municipal yield curve remains relatively steep and short-term rates remain relatively low, owners of inverse floaters will continue to earn above-market interest rates because they are receiving the higher long-term rates and have paid for bonds with lower short-term rates. If the yield curve flattens and shifts upward, an inverse floater will lose value more quickly than conventional long-term municipal bonds.

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

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

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

A Municipal Security is treated as a taxable private activity bond under a test for: (a) a trade or business use and security interest, or (b) a private loan restriction. Under the trade or business use and security interest test, an obligation is a private activity bond if: (i) more than 10% of bond proceeds are used for private business purposes and (ii) 10% or more of the payment of principal or interest on the issue is directly or indirectly derived from such private use or is secured by the privately used property or the payments related to the use of the property. For certain types of uses, a 5% threshold is substituted for this 10% threshold. (The term "private business use" means any direct or indirect use in a trade or business carried on by an individual or entity other than a governmental unit.) Under the private loan restriction, the amount of bond proceeds which may be used to make private loans is limited to the lesser of 5% or \$5.0 million of the proceeds. Thus, certain issues of Municipal Securities could lose their tax-exempt status retroactively

if the issuer fails to meet certain requirements as to the expenditure of the proceeds of that issue or use of the bond-financed facility. The Fund makes no independent investigation of the users of such bonds or their use of proceeds. Should a Fund hold a bond that loses its tax-exempt status retroactively, there might be an adjustment to the tax-exempt income previously paid to shareholders.

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

Ratings of Municipal Securities. Moody's and S&P's ratings (see Appendix A) represent their respective opinions of the quality of the Municipal Securities they undertake to rate. However, such ratings are general and are not absolute standards of quality. Consequently, Municipal Securities with the same maturity, coupon and rating may have different yields, while Municipal Securities of the same maturity and coupon with different ratings may have the same yield. Investment in lower quality securities may produce a higher yield than securities rated in the higher rating categories described in the Prospectus (or judged by the Manager to be of comparable quality). However, the added risk of lower quality securities might not be consistent with a policy of preservation of capital.

OTHER INVESTMENT TECHNIQUES AND STRATEGIES

Covered Calls and Hedging. As described in the Prospectus, the Fund may write covered calls or employ one or more types of Hedging Instruments. When hedging to attempt to protect against declines in the market value of the Fund's portfolio, to permit the Fund to retain unrealized gains in the value of portfolio securities which have appreciated, or to facilitate selling securities for investment reasons, the Fund may: (i) sell Interest Rate Futures or Municipal Bond Index Futures, (ii) buy puts on such Futures or securities, or (iii) write covered calls on securities, Interest Rate Futures or Municipal Bond Index Futures (as described in the Prospectus). When hedging to permit the Fund to establish a position in the debt securities market as a temporary substitute for purchasing individual debt securities (which the Fund will normally purchase, and then terminate that hedging position), the Fund may: (i) buy Interest Rate Futures or Municipal Bond Index Futures, or (ii) buy calls on such Futures or on securities. The Fund's strategy of hedging with Futures and options on Futures will be incidental to the Fund's activities in the underlying cash market. Additional information about the covered calls and Hedging Instruments the Fund may use is provided below.

Writing Covered Call Options. When the Fund writes a call on a security, it receives a premium and agrees to sell the underlying investment to a purchaser of a corresponding call during the call period (usually not more than nine months) at a fixed exercise price (which may differ from the market price of the underlying investment) regardless of market price changes during the call period. To terminate its obligation on a call it has written, the Fund may purchase a corresponding call in a "closing purchase transaction." A profit or loss will be realized, depending upon whether the net of the option transaction costs and the premium received on the call written was more or less than the price of the call subsequently purchased. A profit may also be realized if the call lapses unexercised, because the Fund retains the underlying investment and the premium received. Any such profits are considered short-term gains for Federal tax purposes, as are premiums on lapsed calls, and when distributed by the Fund are taxable as ordinary income. If the Fund could not effect a closing purchase transaction due to a lack of a market, it would have to hold the underlying investment until the call lapsed or were exercised.

Interest Rate Futures. The Fund may buy and sell futures contracts relating to debt securities ("Interest Rate Futures") and municipal bond indices ("Municipal Bond Index Futures," discussed below). Interest Rate Futures obligates the seller to deliver and the purchaser to take a specific debt security at a specified price on a specified date. No price is paid or received upon the purchase or sale of an Interest Rate Future. Upon entering into a Futures transaction, the Fund will be required to deposit an initial margin payment, equal to a specified percentage of the contract amount, with the futures commission merchant (the "futures broker"). The initial margin will be deposited with the Fund's Custodian in an account registered in the futures broker's name; however, the futures broker can gain access to that account only under specified conditions. As the Future is marked to market to reflect changes in its market value, subsequent margin payments, called variation margin, will be made to and from the futures broker on a daily basis. At any time prior to the expiration of the Future, the Fund may elect to close out its position by taking an opposite position, at which time a final determination of variation margin is made and additional cash is required to be paid by or released to the Fund and any gain or loss is then realized for tax purposes. Although Interest Rate Futures by their terms call for settlement by the delivery of debt securities, in most cases the obligation is fulfilled by entering into an offsetting transaction. All futures transactions are effected through a clearinghouse associated with the exchange on which the contracts are traded.

Municipal Bond Index Futures. Municipal Bond Index Futures are similar to Interest Rate Futures except that settlement is made in cash. The obligation under such contracts may also be satisfied by entering into an offsetting contract to close out the futures position. Net gain or loss on options on Municipal Bond Index Futures depends on the price movements of the securities included in the index. The strategies which the Fund employs regarding Municipal Bond Index Futures are similar to those described above with regard to Interest Rate Futures.

Purchasing Calls and Puts. When the Fund purchases a call (other than in a closing purchase transaction), it pays a premium and, except as to calls on Municipal Bond Index Futures, has the right to buy the underlying investment from a seller of a corresponding call on the same investment during the call period at a fixed exercise price. The Fund benefits only if the call is sold at a profit or if, during the call period, the market price of the underlying investment is above the sum of the call price plus the transaction costs and premium paid for the call, and the call is exercised. If the call is not exercised or sold (whether

or not at a profit), it will become worthless at its expiration date and the Fund will lose its premium payment and the right to purchase the underlying investment. When the Fund purchases a call or put a municipal bond index, Municipal Bond Index Future or Interest Rate Future, it pays a premium, but settlement is in cash rather than by delivery of the underlying investment to the Fund. Gain or loss depends on changes in the index in question (and thus on price movements in the debt securities market generally) rather than on price movements in individual futures contracts.

When the Fund buys a put, it pays a premium and, except as to puts on municipal bond indices, has the right to sell the underlying investment to a seller of a corresponding put on the same investment during the put period at a fixed exercise price. Buying a put on a debt security, Interest Rate Future or Municipal Bond Index Future the Fund owns enables the Fund to protect itself during the put period against a decline in the value of the underlying investment below the exercise price by selling such underlying investment at the exercise price to a seller of a corresponding put. If the market price of the underlying investment is equal to or above the exercise price and as a result the put is not exercised or resold, the put will become worthless at its expiration date and the Fund will lose its premium payment and the right to sell the underlying investment. The put may, however, be sold prior to expiration (whether or not at a profit).

An option position may be closed out only on a market which provides secondary trading for options of the same series, and there is no assurance that a liquid secondary market will exist for any particular option. The Fund's option activities may affect its turnover rate and brokerage commissions. The exercise of calls written by the Fund may cause it to sell underlying investments, thus increasing its turnover rate in a manner beyond its control. The exercise by the Fund of puts may also cause the sale of underlying investments, also causing turnover, since the underlying investment might be sold for reasons which would not exist in the absence of the put. The Fund will pay a brokerage commission each time it buys a call or a put or sells a call. Premiums paid for options are small in relation to the market value of the related investments and, consequently, put and call options offer large amounts of leverage. The leverage offered by trading in options could cause the Fund's net asset value to be more sensitive to changes in the value of the underlying investments.

Interest Rate Swap Transactions. Swap agreements entail both interest rate risk and credit risk. There is a risk that, based on movements of interest rates in the future, the payments made by the Fund under a swap agreement will have been greater than those received by it. Credit risk arises from the possibility that the counterparty will default. If the counterparty to an interest rate swap defaults, the Fund's loss will consist of the net amount of contractual interest payments that the Fund has not yet received. The Manager will monitor the creditworthiness of counterparties to the Fund's interest rate swap transactions on an ongoing basis. The Fund will enter into swap transactions with appropriate counterparties pursuant to master netting agreements. A master netting agreement provides that all swaps done between the Fund and that counterparty under the master agreement shall be regarded as parts of an integral agreement. If on any date amounts are payable in the same currency in respect of one or more swap transactions, the net amount payable on that date in that currency shall be paid. In addition, the master netting agreement may provide that if one party defaults generally or on one swap, the counterparty may terminate the swaps with that party. Under such agreements, if there is a default resulting in a loss to one party, the measure of that party's damages is

calculated by reference to the average cost of a replacement swap with respect to each swap (i.e., the mark-to-market value at the time of the termination of each swap). The gains and losses on all swaps are then netted, and the result is the counterparty's gain or loss on termination. The termination of all swaps and the netting of gains and losses on termination is generally referred to as "aggregation."

Additional Information about Hedging Instruments and Their Use. The Fund's Custodian, or a securities depository acting for the Custodian, will act as the Fund's escrow agent through the facilities of the Options Clearing Corporation ("OCC"), as to the securities on which the Fund has written calls traded on exchanges or as to other acceptable escrow securities, so that no margin will be required for such transactions. OCC will release the securities on the expiration of the option or upon the Fund's entering into a closing transaction. An option position may be closed out only on a market which provides secondary trading for options of the same series and there is no assurance that a liquid secondary market will exist for any particular option.

The Fund's option activities may affect its portfolio turnover rate and brokerage commissions. The exercise of calls written by the Fund may cause the Fund to sell related portfolio securities, thus increasing its portfolio turnover rate in a manner beyond the Fund's control. The exercise by the Fund of puts on securities will cause the sale of related investments, increasing portfolio turnover. Although such exercise is within the Fund's control, holding a put might cause the Fund to sell the related investments for reasons which would not exist in the absence of the put. The Fund will pay a brokerage commission each time it buys a call or put, sells a call, or buys or sells an underlying investment in connection with the exercise of a call or put. Such commissions may be higher on a relative basis than those which would apply to direct purchases or sales of such underlying investments. Premiums paid for options as to underlying investments are small in relation to the market value of such investments and consequently, put and call options offer large amounts of leverage. The leverage offered by trading in options could result in the Fund's net asset value being more sensitive to changes in the value of the underlying investment.

Regulatory Aspects of Hedging Instruments. The Fund must operate within certain restrictions as to its long and short positions in Futures and options thereon under a rule ("CFTC Rule") adopted by the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act (the "CEA"), which exempts the Fund from registration with the CFTC as a "commodity pool operator" (as defined under the CEA), if it complies with the CFTC Rule. Under these restrictions, the Fund will not, as to any positions, whether long, short or a combination thereof, enter into Futures and options thereon for which the aggregate initial margins and premiums exceed 5% of the fair market value of its net assets, with certain exclusions as defined in the CFTC Rule. Under the restrictions, the Fund also must, as to its short positions, use Futures and options thereon solely for bona fide hedging purposes within the meaning and intent of the applicable provisions under the CEA.

Transactions in options by the Fund are subject to limitations established by each of the exchanges governing the maximum number of options which may be written or held by a single investor or group of investors acting in concert, regardless of whether the options were written or purchased on the same or different exchanges or are held in one or more accounts or through one or more exchanges or brokers. Thus, the number of options which the Fund may write or hold may be affected by options written or held by other entities, including other investment companies having the same adviser as the Fund or an affiliated investment

adviser. Position limits also apply to Futures. An exchange may order the liquidation of positions found to be in violation of those limits and may impose certain other sanctions. Due to requirements under the Investment Company Act, when the Fund purchases an Interest Rate Future or Municipal Bond Index Future, the Fund will maintain, in a segregated account or accounts with its custodian bank, cash or readily marketable short-term (maturing in one year or less) debt instruments in an amount equal to the market value of the investments underlying such Future, less the margin deposit applicable to it.

Tax Aspects of Hedging Instruments and Covered Calls. The Fund intends to qualify as a "regulated investment company" under the Internal Revenue Code. One of the tests for such qualification is that less than 30% of its gross income (irrespective of losses) must be derived from gains realized on the sale of securities held for less than three months. Due to this limitation, the Fund will limit the extent to which it engages in the following activities, but will not be precluded from them: (i) selling investments, including Interest Rate Futures and Municipal Bond Index Futures, held for less than three months, whether or not they were purchased on the exercise of a call held by the Fund; (ii) writing calls on investments held less than three months; (iii) purchasing calls or puts which expire in less than three months; (iv) effecting closing transactions with respect to calls or puts purchased less than three months previously; and (v) exercising puts or calls held by the Fund for less than three months.

Possible Risk Factors in Hedging. In addition to the risks with respect to Futures and options discussed in the Prospectus and above, there is a risk in using short hedging by selling Interest Rate Futures and Municipal Bond Index Futures that the prices of such Futures or the applicable index will correlate imperfectly with the behavior of the cash (i.e., market value) prices of the Fund's securities. The ordinary spreads between prices in the cash and futures markets are subject to distortions due to differences in the natures of those markets. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close out futures contracts through offsetting transactions which could distort the normal relationship between the cash and futures markets. Second, the liquidity of the futures market depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced, thus producing distortion. Third, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market may cause temporary price distortions.

The risk of imperfect correlation increases as the composition of the Fund's portfolio diverges from the securities included in the applicable index. To compensate for the imperfect correlation of movements in the price of debt securities being hedged and movements in the price of the Hedging Instruments, the Fund may use Hedging Instruments in a greater dollar amount than the dollar amount of debt securities being hedged if the historical volatility of the prices of such debt securities being hedged is more than the historical volatility of the applicable index. It is also possible that where the Fund has used Hedging Instruments in a short hedge, the market may advance and the value of debt securities held in the Fund's portfolio may decline. If this occurred, the Fund would lose money on the Hedging Instruments and also experience a decline in value of its debt securities. However, while this could occur for a very brief period or to a very small degree, over time the value of a

diversified portfolio of debt securities will tend to move in the same direction as the indices upon which the Hedging Instruments are based. If the Fund uses Hedging Instruments to establish a position in the debt securities markets as a temporary substitute for the purchase of individual debt securities (long hedging) by buying Interest Rate Futures, Municipal Bond Index Futures and/or calls on such Futures or debt securities, it is possible that the market may decline; if the Fund then concludes not to invest in such securities at that time because of concerns as to possible further market decline or for other reasons, the Fund will realize a loss on the Hedging Instruments that is not offset by a reduction in the price of the debt securities purchased.

Portfolio Turnover. The Fund may purchase or sell securities without regard to the length of time the security has been held, to take advantage of short-term differentials in bond yields, consistent with its objective of seeking interest income while conserving capital. While short-term trading increases portfolio turnover, the execution cost for Municipal Securities is substantially less than for equivalent dollar values of equity securities. However, short-term trading may affect the Fund's status as an investment company under the Internal Revenue Code (see "Dividends, Distributions and Taxes" in the Prospectus).

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

Loans of Portfolio Securities. The Fund may lend its portfolio securities subject to the restrictions stated in the Prospectus. Under applicable regulatory requirements (which are subject to change), the loan collateral must, on each business day, at least equal the market value of the loaned securities and must consist of cash, bank letters of credit, U.S. Government securities, or other cash equivalents in which the Fund is permitted to invest. To be acceptable as collateral, letters of credit must obligate a bank to pay amounts demanded by the Fund if the demand meets the terms of the letter. Such terms and the issuing bank must be satisfactory to the Fund. In a portfolio securities lending transaction, the Fund receives from the borrower an amount equal to the interest paid or the dividends declared on the loaned securities during the term of the loan as well as the interest on the collateral securities, less any finders' or administrative fees the Fund pays in arranging the loan. The Fund may share the interest it receives on the collateral securities with the borrower as long as it realizes at least a minimum amount of interest required by the lending guidelines established by its Board of Trustees. The Fund will not lend portfolio securities to any officer, trustee, employee or affiliate of the Fund or the Manager. The terms of the Fund's loans must meet certain tests under the Internal Revenue Code and must permit the Fund to reacquire loaned securities on five business days'

notice or in time to vote on any important matter.

ADDITIONAL INVESTMENT RESTRICTIONS

The Fund's significant investment restrictions are set forth in the Prospectus. The following investment restrictions are also fundamental policies, and together with the fundamental policies described in the Prospectus, cannot be changed without approval by a "majority" of the Fund's outstanding voting securities. Under the Investment Company Act, such a "majority" vote is defined as the vote of the holders of the lesser of: (i) 67% or more of the shares present or represented by proxy at such meeting, if the holders of more than 50% of the outstanding shares are present, or (ii) more than 50% of the outstanding shares. Under these additional restrictions, the Fund cannot: (1) Invest in real estate, but this shall not prevent the Fund from investing in Municipal Securities or other permitted securities secured by real estate or interests therein; (2) Purchase securities on margin, but the Fund may obtain such short-term credits as may be necessary for the clearance of purchases and sales of securities; and furthermore, the Fund may make margin deposits in connection with the use of Hedging Instruments as permitted by any of its other fundamental policies; (3) Make short sales of securities; (4) Underwrite securities or invest in securities subject to restrictions on resale; (5) Invest in or hold securities of any issuer (see "Diversification," below) if those officers and Trustees of the Fund or the Manager beneficially owning individually more than 1/2 of 1% of the securities of such issuer together own more than 5% of the securities of such issuer; (6) Invest in securities of any other investment company, except in connection with a merger with another investment company; or (7) Issue any bonds, debentures or senior equity securities.

Diversification. For purposes of diversification under the Investment Company Act and investment restriction (d) in the Prospectus, the identification of the issuer of a Municipal Security depends on the terms and conditions of the security. When the assets and revenues of an agency, authority, instrumentality or other political subdivision are separate from those of the government creating the subdivision and the security is backed only by the assets and revenues of the subdivision, such subdivision would be deemed to be the sole issuer. Similarly, in the case of an industrial development bond, if that bond is backed only by the assets and revenues of the nongovernmental user, then such nongovernmental user would be deemed to be the sole issuer. However, if in either case the creating government or some other entity guarantees the security, such guarantee would be considered a separate security and would be treated as an issue of such government or other agency.

In applying restriction (e) in the Prospectus, the Manager will consider a nongovernmental user of facilities financed by industrial development bonds as being in a particular industry, despite the fact that such bonds are Municipal Securities as to which there is no industry concentration limitation. Although this application of the restriction is not technically a fundamental policy of the Fund, it will not be changed without shareholder approval. The Manager has no present intention of investing more than 25% of the Fund's total assets in securities of issuers located in the same state, or in securities the interest on which is paid from revenues of similar types of projects, or in industrial development bonds. None of these are fundamental policies, and therefore, any of them may be changed without shareholder approval. Should any such change be made, the Prospectus and/or this Additional Statement will be supplemented to reflect the change.

TRUSTEES AND OFFICERS OF THE FUND

The Fund's Trustees and officers and their principal occupations and business affiliations during the past five years are set forth below. The address of each, except as noted, is Two World Trade Center, New York, New York 10048-0203. Except for Mr. Patterson, each serves in similar capacities with Oppenheimer Fund, Oppenheimer Money Market Fund, Inc., Oppenheimer Time Fund, Oppenheimer Special Fund, Oppenheimer New York Tax-Exempt Fund, Oppenheimer California Tax-Exempt Fund, Oppenheimer Pennsylvania Tax-Exempt Fund, Oppenheimer Florida Tax-Exempt Fund, Oppenheimer New Jersey Tax-Exempt Fund, Oppenheimer Global Fund, Oppenheimer U.S. Government Trust, Oppenheimer Gold & Special Minerals Fund, Oppenheimer Target Fund, Oppenheimer Asset Allocation Fund, Oppenheimer Global Bio-Tech Fund, Oppenheimer Global Environment Fund, Oppenheimer Global Growth & Income Fund, Oppenheimer Discovery Fund, Oppenheimer Mortgage Income Fund, Oppenheimer Multi-Sector Income Trust and Oppenheimer Multi-Government Trust (collectively, the "New York OppenheimerFunds"). As of _____, all of the Trustees and officers as a group beneficially owned less than 1% of the outstanding shares of the Fund.

LEON LEVY, Chairman of the Board of Trustees

General Partner of Odyssey Partners, L.P. (investment partnership)
and Chairman of Avatar Holdings Inc. (real estate development).

LEO CHERNE, Trustee

386 Park Avenue South, New York, New York 10016

Chairman Emeritus of the International Rescue Committee
(philanthropic organization); formerly Executive Director of The
Research Institute of America.

EDMUND T. DELANEY, Trustee

5 Gorham Road, Chester, Connecticut 06412

Attorney-at-Law; formerly a member of the Connecticut State
Historical Commission and Counsel to Copp, Berall & Hempstead (a law
firm).

ROBERT G. GALLI, Trustee*

Vice Chairman of the Manager and Vice President and Counsel of
Oppenheimer Acquisition Corp. ("OAC") the Manager's parent holding
company; formerly he held the following positions: a director of the
Manager and the Distributor, Vice President and a director of
HarbourView Asset Management Corporation ("HarbourView") and
Centennial Asset Management Corporation ("Centennial"), investment
adviser subsidiaries of the Manager, a director of Shareholder
Financial Services, Inc. ("SFSI") and Shareholder Services, Inc.
("SSI"), transfer agent subsidiaries of the Manager, an officer of
other OppenheimerFunds and Executive Vice President & General Counsel
of the Manager and the Distributor.

BENJAMIN LIPSTEIN, Trustee

591 Breezy Hill Road, Hillsdale, New York 12529

Professor Emeritus of Marketing, Stern Graduate School of Business
Administration, New York University.

ELIZABETH B. MOYNIHAN, Trustee

801 Pennsylvania Avenue, Washington, DC 20004

Author and architectural historian; a trustee of the American Schools
of Oriental Research and of the Freer Gallery of Art, Smithsonian
Institution; a member of the Indo-U.S. Sub-Commission on Education
and Culture; a trustee of the Institute of Fine Arts, New York
University, and a trustee of the Preservation League of New York
State.

KENNETH A. RANDALL, Trustee
6 Whittaker's Mill, Williamsburg, VA 23185
A director of Northeast Bancorp, Inc. (bank holding company),
Dominion Resources, Inc. (electric utility holding company) and
Kemper Corporation (insurance and financial services company);
formerly Chairman of the Board of ICL, Inc. (information systems).

EDWARD V. REGAN, Trustee
40 Park Avenue, New York, New York 10016
President of Jerome Levy Institute, Bard College; Member of the U.S.
Competitiveness Policy Council; formerly New York State Comptroller.

RUSSELL S. REYNOLDS, Trustee
200 Park Avenue, New York, New York 10166
Chairman of Russell Reynolds Associates, Inc. (executive recruiting);
Chairman of Directors Publication, Inc. (consulting and publishing);
a trustee of Mystic Seaport Museum, International House and the
Greenwich Historical Society and Greenwich Hospital.

SIDNEY M. ROBBINS, Trustee
50 Overlook Road, Ossining, NY 10562
Chase Manhattan Professor Emeritus of Financial Institutions,
Graduate School of Business, Columbia University; Visiting Professor
of Finance, University of Hawaii; a director of The Korea Fund, Inc.
and The Malaysia Fund, Inc. (closed-end investment companies); a
member of the Board of Advisors of Olympus Private Placement Fund,
L.P.; Professor Emeritus of Finance, Adelphi University.

DONALD W. SPIRO, President and Trustee*
Chairman Emeritus and a Director of the Manager; formerly Chairman
of the Manager and Oppenheimer Funds Distributor, Inc. (the
"Distributor").

PAULINE TRIGERE, Trustee
550 Seventh Avenue, New York, NY 10018
Chairman and Chief Executive Officer of Trigere, Inc. (design and
sale of women's fashions).

CLAYTON K. YEUTTER, Trustee
1325 Merrie Ridge Road, McLean, Virginia 22101
Of Counsel, Hogan & Hartson (a law firm); a director of B.A.T.
Industries, Ltd. (tobacco and financial services), Caterpillar, Inc.
(machinery), ConAgra, Inc. (food and agricultural products), FMC
Corp. (chemicals and machinery), Lindsay Manufacturing Co. and Texas
Instruments, Inc. (electronics); formerly (in descending
chronological order) Deputy Chairman, Bush/Quayle Presidential
Campaign, Counsellor to the President (Bush) for Domestic Policy,
Chairman of the Republican National Committee, Secretary of the U.S.
Department of Agriculture, and U.S. Trade Representative, Executive
Office of the President.

ROBERT E. PATTERSON, Vice President and Portfolio Manager
Senior Vice President of the Manager; an officer of other
OppenheimerFunds.

ANDREW J. DONOHUE, Secretary
Executive Vice President and General Counsel of the Manager and the
Distributor; an officer of other OppenheimerFunds; formerly Senior
Vice President and Associate General Counsel of the Manager and the
Distributor, partner in Kraft & McManimon (a law firm), an officer
of First Investors Corporation (a broker-dealer) and First Investors
Management Company, Inc. (broker-dealer and investment adviser),

director and an officer of First Investors Family of Funds and First Investors Life Insurance Company.

GEORGE C. BOWEN, Treasurer

3410 South Galena Street Denver, Colorado 80231

Senior Vice President and Treasurer of the Manager; Vice President and Treasurer of the Distributor and HarbourView; Senior Vice President, Treasurer, Assistant Secretary and a director of Centennial; Vice President, Treasurer and Secretary of SSI and SFSI; an officer of other OppenheimerFunds; formerly Senior Vice President/Comptroller and Secretary of Oppenheimer Asset Management Corporation.

ROBERT G. ZACK, Assistant Secretary

Senior Vice President and Associate General Counsel of the Manager; Assistant Secretary of SSI and SFSI; an officer of other OppenheimerFunds.

LYNN M. COLUCCY, Assistant Treasurer

3410 South Galena Street, Denver, Colorado 80231

Vice President and Assistant Treasurer of the Manager; an officer of other OppenheimerFunds; formerly Vice President/Director of Internal Audit of the Manager.

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[FN]
*A Trustee who is an "interested person" of the Fund as defined in the Investment Company Act.

Remuneration of Trustees. The officers of the Fund (including Mr. Spiro) are affiliated with the Manager and receive no salary or fee from the Fund. During the Fund's fiscal year ended December 31, 1993, the remuneration (including expense reimbursements) paid to all Trustees of the Fund (except Mr. Spiro) as a group for services as trustees and as members of one or more committees totaled \$_____. The Fund has adopted a retirement plan that provides for payment to a retired independent Trustee of up to 80% of the average compensation paid during that Trustee's five years of service in which the highest compensation was received. A Trustee must serve in that capacity for any of the funds listed above for at least 15 years in order to be eligible for the maximum payment. No Trustee has retired under this plan, and therefore no payments have been made by the Fund. In the fiscal year ended December 31, 1993, the Fund accrued \$_____ for retirement plan benefits for its Trustees under the plan.

Major Shareholders. As of _____, no person owned of record or was known by the management of the Fund to own beneficially 5% or more of the Fund's outstanding shares.

HOW THE FUND IS MANAGED

The Manager is wholly-owned by Oppenheimer Acquisition Corp. ("OAC"), a holding company controlled by Massachusetts Mutual Life Insurance Company. OAC is also owned in part by certain of the Manager's directors and officers, some of whom may also serve as officers of the Fund, and one of whom (Mr. Spiro) serves as a Trustee of the Fund.

The investment advisory agreement between the Manager and the Fund (the "Agreement") requires the Manager, at its expense, to provide the Fund with adequate office space, facilities and equipment, and to provide and supervise the activities of all administrative and clerical personnel

required to provide effective administration for the Fund, including the compilation and maintenance of records with respect to its operations, the preparation and filing of specified reports, and composition of proxy materials and registration statements for continuous public sale of shares of the Fund. Expenses not expressly assumed by the Manager under the Agreement or by the Distributor are paid by the Fund. The Agreement lists examples of expenses paid by the Fund, the major categories of which relate to interest, taxes, brokerage commissions, fees to unaffiliated Trustees, legal, bookkeeping and audit expenses, custodian and transfer agent expenses, share issuance costs, certain printing and registration costs and non-recurring expenses, including litigation.

The Agreement contains no expense limitation. However, independently of the Agreement, the Manager has undertaken that the total expenses of the Fund in any fiscal year (excluding taxes, interest, brokerage commissions, distribution plan payments and extraordinary expenses such as litigation), shall not exceed (and the Manager undertakes to reduce the Fund's management in the amount by which such expenses shall exceed) the most stringent applicable state regulatory limitation on fund expenses. At present, this limitation is imposed by California, and limits such expenses to 2.5% of the first \$30 million of average annual net assets, 2% of the next \$70 million, and 1.5% of average annual net assets in excess of \$100 million. The payment of the management fee at the end of any month will be reduced so that there will not be any accrued but unpaid liability under this expense limitation. For the fiscal years ended December 31, 1991, 1992 and 1993, the management fees paid by the Fund to the Manager were \$1,841,215, \$2,443,445 and _____, respectively. The Manager reserves the right to terminate or amend this undertaking at any time. Any assumption of the Fund's expenses under this undertaking would lower the Fund's overall expense ratio and increase its total return during any period in which expenses are limited.

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

Portfolio Transactions. Portfolio decisions are made by portfolio managers under the supervision of the Manager's executive officers. As most purchases made by the Fund are principal transactions at net prices, the Fund incurs little or no brokerage costs. The Fund usually deals directly with the selling or purchasing principal or market maker without incurring charges for the services of a broker on its behalf unless it is determined that better price or execution may be obtained by utilizing the services of a broker. Purchases of portfolio securities from underwriters include a commission or concession paid by the issuer to the underwriter, and purchases from dealers include a spread between the bid and asked price. The Fund seeks to obtain prompt execution of orders at the most favorable net price.

BROKERAGE POLICIES OF THE FUND

If a broker is used for the Fund's portfolio transactions, the Agreement contains provisions relating to the selection of brokers,

dealers and futures commission merchants (collectively referred to as "brokers") for the Fund's futures, put and call transactions. The Manager is authorized by the Agreement to employ brokers as may, in its best judgment based on all relevant factors, implement the policy of the Fund to obtain, at reasonable expense, the "best execution" (prompt and reliable execution at the most favorable price obtainable) of such transactions. The Manager need not seek competitive commission bidding but is expected to minimize the commissions paid to the extent consistent with the interest and policies of the Fund.

The Agreement allows affiliates of the Manager to act as the Fund's brokers and receive brokerage commissions. Commissions paid to affiliates are calculated in accordance with "Procedures" adopted pursuant to Securities and Exchange Commission ("SEC") Rule 17e-1 under the Act, which requires that commissions paid to an affiliate or an affiliate of an affiliate of the Manager must be "reasonable and fair compared to the commission, fee or other remuneration received or to be received by other brokers in connection with comparable transactions involving similar securities during a comparable period of time." When the Fund engages in an option transaction, ordinarily the same broker will be used for the purchase or sale of the option and any transactions in the securities to which the option relates. Where possible, concurrent orders to purchase or sell the same security by more than one of the accounts managed by the Manager or its affiliates are combined. The transactions effected pursuant to such combined orders are averaged as to price and allocated in accordance with the purchase or sale orders actually placed for each account.

Under the Agreement, the Manager is authorized to select brokers which provide brokerage and/or research services for the Fund and/or the other accounts over which the Manager or its affiliates have investment discretion. The commissions paid to such brokers may be higher than another qualified broker would have charged, if a good faith determination is made by the Manager that the commission is fair and reasonable in relation to the services provided. Subject to the foregoing considerations, the Manager may also consider sales of shares of the Fund and other investment companies managed by the Manager and its affiliates as a factor in the selection of brokers for the Fund's portfolio transactions. Most purchases made by the Fund are principal transactions at net prices, and the Fund incurs little or no brokerage costs.

The research services provided by a particular broker may be useful only to one or more of the advisory accounts of the Manager and its affiliates, and investment research received for the commissions of those other accounts may be useful both to the Fund and one or more of such other accounts. Such research, which may be supplied by a third party at the instance of a broker, includes information and analyses on particular companies and industries as well as market or economic trends and portfolio strategy, receipt of market quotations for portfolio evaluations, information systems, computer hardware and similar products and services. If a research service also assists the Manager in a non-research capacity (such as bookkeeping or other administrative functions), then only the percentage or component that provides assistance to the Manager in the investment decision-making process may be paid for in commission dollars. The research services provided by brokers broaden the scope and supplement the research activities of the Manager by making available additional views for consideration and comparisons, and enabling the Manager to obtain market information for the valuation of securities held in the Fund's portfolio or being considered for purchase. The Board of Trustees, including the "Independent Trustees" (those Trustees who are not "interested persons," as defined in the Investment Company Act, and who have no direct or indirect financial interest in the operation of the

Agreement, the Plans of Distribution described below or in any agreements relating to those Plans) annually reviews information furnished by the Manager as to the commissions paid to brokers furnishing such services so that the Board may ascertain that the amount of such commissions was reasonably related to the value or the benefit of such services.

YOUR INVESTMENT ACCOUNT

How the Fund Determines Net Asset Value Per Share. The net asset value per share of Class A and Class B shares of the Fund are determined as of 4:00 P.M. (all references to time mean New York time) each day the New York Stock Exchange (the "NYSE") is open (a "regular business day") by dividing the value of the Fund's net assets by the total number of shares of that class outstanding. The NYSE's most recent annual holiday schedule (which is subject to change) states that it will close New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day; it may also close on other days. Dealers other than Exchange members may conduct trading in Municipal Securities on certain days on which the Exchange is closed (including weekends and holidays or after 4:00 P.M. on a regular business day). Because the net asset values of the Fund will not be calculated at such times, if securities held in the Fund's portfolio are traded at such times, the net asset value per share may be significantly affected on such days when shareholders do not have the ability to purchase or redeem shares.

The Fund's Board of Trustees has established procedures for the valuation of the Fund's securities as follows: (i) securities (including restricted securities) not having readily-available market quotations are valued at fair value under the Board's procedures; (ii) long-term debt securities, and short-term securities having a remaining maturity in excess of 60 days, are valued at the mean between the asked and bid prices determined by a portfolio pricing service approved by the Fund's Board of Trustees or obtained from active market makers in the security on the basis of reasonable inquiry; and (iii) short-term debt securities having a remaining maturity of 60 days or less are valued at cost, adjusted for amortization of premiums and accretion of discounts.

In the case of Municipal Securities, when last sale information is not generally available, such pricing procedures may include "matrix" comparisons to the prices for comparable instruments on the basis of quality, yield, maturity, and other special factors involved (such as the tax-exempt status of the interest paid by Municipal Securities). The Fund's Board of Trustees has authorized the Manager to employ a pricing service, bank or broker-dealer experienced in such matters to price any of the types of securities described above. The Trustees will monitor the accuracy of such pricing services by comparing prices used for portfolio evaluation to actual sales prices of selected securities.

Calls, puts, Interest Rate Futures and Municipal Bond Index Futures are valued at the last sales price on the principal exchange on which they are traded. If there were no sales on the principal exchange, the last sale on any exchange is used. In the absence of any sales that day, value shall be the last reported sales price on the prior trading day or closing bid or asked prices on the principal exchange closest to the last reported sales price. When the Fund writes an option, an amount equal to the premium received by the Fund is included in its Statement of Assets and Liabilities as an asset, and an equivalent deferred credit is included in the liability section. The deferred credit is adjusted ("marked-to-market") to reflect the current market value of the option.

Alternative Sales Arrangements - Class A and Class B Shares. The

Alternative Sales Arrangements permit an investor to choose the method of purchasing shares that is more beneficial to the investor depending on the amount of the purchase, the length of time the investor expects to hold shares and other relevant circumstances. Investors should understand that the purpose and function of the deferred sales charge and asset-based sales charge with respect to Class B shares are the same as those of the initial sales charge with respect to Class A shares. Any salesperson or other person entitled to receive compensation for selling Fund shares may receive different compensation with respect to one class of shares than the other. The Distributor will not accept any order for \$1 million or more of Class B shares on behalf of a single investor (not including dealer "street name" or omnibus accounts) because generally it will be more advantageous for that investor to purchase Class A shares of the Fund instead.

The two classes of shares each represent an interest in the same portfolio investments of the Fund. However, each class has different shareholder privileges and features. The net income attributable to Class B shares and the dividends payable on Class B shares will be reduced by incremental expenses borne solely by that class, including the asset-based sales charge to which Class B shares are subject.

The conversion of Matured Class B shares to Class A shares is subject to the continuing availability of a private letter ruling from the Internal Revenue Service, or an opinion of counsel or tax adviser, to the effect that the conversion of Matured Class B shares does not constitute a taxable event for the holder under Federal income tax law. If such a revenue ruling or opinion is no longer available, the automatic conversion feature may be suspended, in which event no further conversions of Matured Class B shares would occur while such suspension remained in effect. Although Matured Class B shares could then be exchanged for Class A shares on the basis of relative net asset value of the two classes, without the imposition of a sales charge or fee, such exchange could constitute a taxable event for the holder, and absent such exchange, Class B shares might continue to be subject to the asset-based sales charge for longer than six years.

The methodology for calculating the net asset value, dividends and distributions of the Fund's Class A and Class B shares recognizes two types of expenses. General expenses that do not pertain specifically to either class are allocated pro rata to the shares of each class, based on the percentage of the net assets of such class to the Fund's total net assets, and then equally to each outstanding share within a given class. Such general expenses include (i) management fees, (ii) legal, bookkeeping and audit fees, (iii) printing and mailing costs of shareholder reports, Prospectuses, Additional Statements and other materials for current shareholders, (iv) fees to unaffiliated Trustees, (v) custodian expenses, (vi) share issuance costs, (vii) organization and start-up costs, (viii) interest, taxes and brokerage commissions, and (ix) non-recurring expenses, such as litigation costs. Other expenses that are directly attributable to a class are allocated equally to each outstanding share within that class. Such expenses include (i) Distribution Plan fees, (ii) incremental transfer and shareholder servicing agent fees and expenses, (iii) registration fees and (iv) shareholder meeting expenses, to the extent that such expenses pertain to a specific class rather than to the Fund as a whole.

AccountLink. When shares are purchased through AccountLink, each purchase must be at least \$25.00. Shares will be purchased on the regular business day the Distributor is instructed to initiate the Automated Clearing House transfer to buy the shares. Dividends will begin to accrue on such shares on the day the Fund receives Federal Funds for such purchase through the

ACH system before 4:00 P.M., which is normally 3 days after the ACH transfer is initiated. The Distributor and the Fund are not responsible for any delays. If the Federal Funds are received after 4:00 P.M., dividends will begin to accrue on the next regular business day after such Federal Funds are received.

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

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

Oppenheimer Tax-Free Bond Fund
Oppenheimer New York Tax-Exempt Fund
Oppenheimer California Tax-Exempt Fund
Oppenheimer Intermediate Tax-Exempt Bond Fund
Oppenheimer Insured Tax-Exempt Bond Fund
Oppenheimer Main Street California Tax-Exempt Fund
Oppenheimer Florida Tax-Exempt Fund
Oppenheimer Pennsylvania Tax-Exempt Fund
Oppenheimer Fund
Oppenheimer Discovery Fund
Oppenheimer Time Fund
Oppenheimer Target Fund
Oppenheimer Special Fund
Oppenheimer Equity Income Fund
Oppenheimer Value Stock Fund
Oppenheimer Asset Allocation Fund
Oppenheimer Total Return Fund, Inc.
Oppenheimer Main Street Income & Growth Fund
Oppenheimer High Yield Fund
Oppenheimer Champion High Yield Fund
Oppenheimer Investment Grade Bond Fund
Oppenheimer U.S. Government Trust
Oppenheimer Government Securities Fund
Oppenheimer Mortgage Income Fund
Oppenheimer Global Fund
Oppenheimer Global Bio-Tech Fund
Oppenheimer Global Environment Fund
Oppenheimer Global Growth & Income Fund
Oppenheimer Gold & Special Minerals Fund
Oppenheimer Strategic Income Fund
Oppenheimer Strategic Investment Grade Bond Fund
Oppenheimer Strategic Short-Term Income Fund
Oppenheimer Strategic Income & Growth Fund
Oppenheimer Strategic Diversified Income Fund

the following "Money Market Funds":

Oppenheimer Money Market Fund, Inc.
Oppenheimer Cash Reserves
Oppenheimer Tax-Exempt Cash Reserves
Centennial Money Market Trust

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

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

LETTERS OF INTENT

In submitting a Letter of Intent to purchase Class A shares of the Fund and other OppenheimerFunds at a reduced sales charge, the investor agrees to the terms of the Prospectus, the Application used to buy such shares, and the language in this Additional Statement as to Letters of Intent, as they may be amended from time to time by the Fund. Such amendments will apply automatically to existing Letters of Intent.

A Letter of Intent ("Letter") is the investor's statement of intention to purchase Class A shares of the Fund (and other eligible OppenheimerFunds sold with a sales charge) during the 13-month period from the investor's first purchase pursuant to the Letter (the "Letter of Intent period"), which may, at the investor's request, include purchases made up to 90 days prior to the date of the Letter. The investor states the intention to make the aggregate amount of purchases (excluding any reinvestments of dividends or distributions or purchases made at net asset value without sales charge), which together with the investor's holdings of such funds (calculated at their respective public offering prices calculated on the date of the Letter) will equal or exceed the amount specified in the Letter to obtain the reduced sales charge rate (as set forth in "How To Buy Shares" in the Prospectus) applicable to purchases of shares in that amount (the "intended amount"). Each purchase under the Letter will be made at the public offering price applicable to a single lump-sum purchase of shares in the intended amount, as described in the applicable prospectus.

In submitting a Letter, the investor makes no commitment to purchase shares, but if the investor's purchases of shares within the Letter of Intent period, when added to the value (at offering price) of the investor's holdings of such fund shares on the last day of that period, do not equal or exceed the intended amount, the investor agrees to pay the additional amount of sales charge applicable to such purchases, as set forth in "Terms of Escrow," below, as those terms may be amended from time to time. The investor agrees that shares equal in value to 5% of the intended amount will be held in escrow by the Fund's transfer agent subject to the Terms of Escrow.

If the total eligible purchases made during the Letter of Intent period do not equal or exceed the intended amount, the commissions previously paid to the dealer of record for the account and the amount of sales charge retained by the Distributor will be adjusted to the rates applicable to actual total purchases. If total eligible purchases during the Letter of Intent period exceed the intended amount and exceed the amount needed to qualify for the next sales charge rate reduction set forth in the applicable prospectus, the sales charges paid will be adjusted to the lower rate, but only if and when the dealer returns to the Distributor the excess of the amount of commissions allowed or paid to the dealer over the amount of commissions that apply to the actual amount of purchases. The excess commissions returned to the Distributor will be

used to purchase additional shares for the investor's account at the net asset value per share in effect on the date of such purchase, promptly after the Distributor's receipt thereof.

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

Terms of Escrow

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

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

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

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

5. The funds whose shares are eligible for purchase under the Letter (or the holding of which may be counted toward completion of the Letter) do not include any fund whose shares are sold without a front-end sales charge or without being subject to a Class A contingent deferred sales charge unless (for the purpose of determining completion of the obligation to purchase shares under the Letter) the shares were acquired in exchange for shares of a fund (described as an "Eligible Fund" in the Prospectus) whose shares were acquired by payment of a sales charge.

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

Redemptions. Information on how to redeem shares of the Fund is stated in the Prospectus. The Prospectus states that payment for shares tendered

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

The Fund's Board of Trustees has the right to cause the involuntary redemption of the shares held in any account if the aggregate net asset value of such shares is less than \$200 or such lesser amount as the Board may fix. The Fund's Board of Trustees will not cause the involuntary redemption of shares held in any account if the aggregate net asset value of such shares has fallen below the stated minimum solely as result of market fluctuations. Should the Board elect to exercise this right, it may also fix, in accordance with the Investment Company Act, the requirements for any notice to be given to the shareholders in question (not less than 30 days), or may set requirements for permission to allow the shareholder to increase the investment so that the shares would not be involuntarily redeemed.

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

There is a sales charge on the purchase of certain Eligible Funds. An application should be obtained from the Transfer Agent, completed and returned, and a prospectus of the selected fund(s) (available from the Distributor) should be obtained before initiating Asset Builder payments. The amount of the Asset Builder investment may be changed or the automatic investments may be terminated at any time by writing to the Transfer Agent. A reasonable period (approximately 15 days) is required after the Transfer Agent's receipt of such instructions to implement them. The Fund reserves the right to amend, suspend, or discontinue offering such plans at any time without prior notice.

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

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

Reinvestment Privilege. Within six months of a redemption, a shareholder may reinvest all or part of the redemption proceeds of (i) Class A shares, or (ii) Class B shares that were subject to the Class B contingent deferred sales charge when redeemed, in Class A shares of the Fund or any of the other OppenheimerFunds into which shares of the Fund are exchangeable as described below, at the net asset value next computed after receipt by the Transfer Agent of the reinvestment order. The shareholder must ask the Distributor for such privilege at the time of reinvestment. Any capital gain that was realized when the shares were redeemed is taxable, and reinvestment will not alter any capital gains tax payable on that gain. If there has been a capital loss on the redemption, some or all of the loss may not be tax deductible, depending on the timing and amount of the reinvestment. Under the Internal Revenue Code, if the redemption proceeds of Fund shares on which a sales charge was paid are reinvested in shares of the Fund or another of the OppenheimerFunds within 90 days of payment of the sales charge, the shareholder's basis in the shares of the Fund that were redeemed may not include the amount of the sales charge paid. That would reduce the loss or increase the gain recognized from the redemption. The Fund may amend, suspend or cease offering this reinvestment privilege at any time as to shares redeemed after the date of such amendment, suspension or cessation.

Transfer of Shares. Shareholders owning shares of both classes must specify whether they intend to transfer Class A or Class B shares. Shares are not subject to the payment of a CDSC of either class at the time of transfer (by absolute assignment, gift or bequest, not involving, directly or indirectly, a public sale). The transferred shares will remain subject to the CDSC, calculated as if the transferee shareholder had acquired the transferred shares in the same manner and at the same time as the transferring shareholder. If less than all shares held in an account are transferred, and some but all shares in the account would be subject to a CDSC if redeemed at the time of transfer, the priorities described in the Prospectus under "How to Buy Shares" for the imposition of the Class B CDSC will be followed in determining the order in which shares are transferred.

Special Arrangements for Repurchase of Shares from Dealers and Brokers. The Distributor is the Fund's agent to repurchase its shares from authorized dealers or brokers. The repurchase price will be the net asset value next computed after the receipt of an order placed by such dealer or broker, except that orders received from dealers or brokers after 4:00 P.M. on a regular business day will be processed at that day's net asset value if such orders were received by the dealer or broker from its customers prior to 4:00 P.M., and were transmitted to and received by the Distributor prior to its close of business that day (normally 5:00 P.M.). Payment ordinarily will be made within seven days after the Distributor's receipt of the required documents, with signature(s) guaranteed as described above.

Automatic Withdrawal and Exchange Plans. Investors owning shares of the

Fund valued at \$5,000 or more can authorize the Transfer Agent to redeem shares (minimum \$50) automatically on a monthly, quarterly, semi-annual or annual basis under an Automatic Withdrawal Plan. Shares will be redeemed three business days prior to the date requested by the shareholder for receipt of the payment. Automatic withdrawals of up to \$1,500 per month may be requested by telephone if payments are by check payable to all shareholders of record and sent to the address of record for the account (and if the address has not been changed within the prior 30 days). Required minimum distributions from OppenheimerFunds-sponsored retirement plans may not be arranged on this basis. Payments are normally made by check, but shareholders having AccountLink privileges (see "How To Buy Shares") may arrange to have Automatic Withdrawal Plan payments transferred to the bank account designated on the OppenheimerFunds New Account Application or signature-guaranteed instructions. The Fund cannot guarantee receipt of the payment on the date requested and reserves the right to amend, suspend or discontinue offering such plans at any time without prior notice. Because of the sales charge assessed on Class A share purchases, shareholders should not make regular additional Class A purchases while participating in an Automatic Withdrawal Plan. Class B shareholders should not establish withdrawal plans, because of the imposition of the Class B CDSC on such withdrawals (except where the Class B CDSC is waived as described in "Class B Contingent Deferred Sales Charge").

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

-- Automatic Exchange Plans. Shareholders can authorize the Transfer Agent (on the OppenheimerFunds Application or signature-guaranteed instructions) to exchange a pre-determined amount of shares of the Fund for shares (of the same class) of other OppenheimerFunds automatically on a monthly, quarterly, semi-annual or annual basis under an Automatic Exchange Plan. The minimum amount that may be exchanged to each other fund account is \$25. Exchanges made under these plans are subject to the restrictions that apply to exchanges as set forth in "Exchange Privilege" in the Prospectus and "How to Exchange Shares" below in this Statement of Additional Information.

-- Automatic Withdrawal Plans. Fund shares will be redeemed as necessary to meet withdrawal payments. Shares acquired without a sales charge will be redeemed first and thereafter shares acquired with reinvested dividends and capital gains distributions will be redeemed next, followed by shares acquired with a sales charge, to the extent necessary to make withdrawal payments. Depending upon the amount withdrawn, the investor's principal may be depleted. Payments made under such plans should not be considered as a yield or income on your investment. It may not be desirable to purchase additional Class A shares while making automatic withdrawals because of the sales charges that apply to purchases when made. Accordingly, a shareholder normally may not maintain an Automatic Withdrawal Plan while simultaneously making regular purchases of Class A shares.

The transfer agent will administer the investor's Automatic Withdrawal Plan (the "Plan") as agent for the investor (the "Planholder") who executed the Plan authorization and application submitted to the Transfer Agent. The Transfer Agent shall incur no liability to the Planholder for any action taken or omitted by the Transfer Agent in good faith to administer the Plan. Certificates will not be issued for shares

of the Fund purchased for and held under the Plan, but the Transfer Agent will credit all such shares to the account of the Planholder on the records of the Fund. Any share certificates held by a Planholder may be surrendered unendorsed to the Transfer Agent with the Plan application so that the shares represented by the certificate may be held under the Plan.

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

Redemptions of shares needed to make withdrawal payments will be made at the net asset value per share determined on the redemption date. Checks or AccountLink payments of the proceeds of Plan withdrawals will normally be transmitted three business days prior to the date selected for receipt of the payment (the date selected for receipt is an approximate date), according to the choice specified in writing by the Planholder.

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

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

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

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

How to Exchange Shares. The list of OppenheimerFunds to which exchanges of shares may be made (subject to restrictions in the Prospectus and in this Statement of Additional Information) is contained in "Reduced Sales Charges," above.

Class A shares of OppenheimerFunds may be exchanged for shares of any Money Market Fund; shares of any Money Market Fund purchased without a

sales charge may be exchanged for shares of OppenheimerFunds offered with a sales charge upon payment of the sales charge (or, if applicable, may be used to purchase shares of OppenheimerFunds subject to a CDSC); and shares of this Fund acquired by reinvestment of dividends or distributions from any other of the OppenheimerFunds or from any unit investment trust for which reinvestment arrangements have been made with the Distributor may be exchanged at net asset value for shares of any of the OppenheimerFunds. No CDSC is imposed on exchanges of shares of either class purchased subject to a CDSC. However, when Class A shares acquired by exchange of Class A shares purchased subject to a Class A CDSC are redeemed within 18 months of the end of the calendar month of the initial purchase of the exchanged Class A shares, the Class A CDSC is imposed on the redeemed shares (see "Class A Contingent Deferred Sales Charge" in the Prospectus), and the Class B CDSC is imposed on Class B shares redeemed within six years of the initial purchase of the exchanged Class B shares.

The Fund reserves the right to reject telephone or written exchange requests submitted in bulk by anyone on behalf of 10 or more accounts. The Fund may accept requests for exchanges of up to 50 accounts per day from representatives of authorized dealers that qualify for this privilege. In connection with any exchange request, the number of shares exchanged may be less than the number requested if the exchange or the number requested would include shares subject to a restriction cited in the Prospectus or this Statement of Additional Information or shares covered by a share certificate that is not tendered with the request. In those cases, only the shares available for exchange without restriction will be exchanged.

When Class B shares are redeemed to effect an exchange, the priorities described in "How To Buy Shares" in the Prospectus for the imposition of the Class B contingent deferred sales charge will be followed in determining the order in which the shares are exchanged. Shareholders should take into account the effect of any exchange on the applicability and rate of any contingent deferred sales charge that might be imposed in the subsequent redemption of remaining shares. Shareholders owning shares of both classes must specify whether they intend to exchange Class A or Class B shares.

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

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

The different OppenheimerFunds available for exchange have different

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

Exchanges of Class B Shares. As stated in the Prospectus, shares of a particular class of OppenheimerFunds having more than one class of shares may be exchanged only for shares of the same class of another of the OppenheimerFunds. All of the OppenheimerFunds (except Oppenheimer Strategic Diversified Income Fund) offer Class A shares; if the shares of a fund offering one class are not denominated with a class designation in the Prospectus, they are considered "Class A" shares. Only the following other OppenheimerFunds offer Class B shares as of the date of this Statement of Additional Information (this list may change from time to time, and to obtain a current list, please call the Transfer Agent at 1-800-525-7048):

Oppenheimer Strategic Income & Growth Fund
Oppenheimer Strategic Investment Grade Bond Fund
Oppenheimer Strategic Short-Term Income Fund
Oppenheimer New York Tax-Exempt Fund
Oppenheimer Tax-Free Bond Fund
Oppenheimer California Tax-Exempt Fund
Oppenheimer Pennsylvania Tax-Exempt Fund
Oppenheimer Florida Tax-Exempt Fund
Oppenheimer Insured Tax-Exempt Bond Fund
Oppenheimer Main Street California Tax-Exempt Fund
Oppenheimer Total Return Fund, Inc.
Oppenheimer Investment Grade Bond Fund
Oppenheimer Value Stock Fund
Oppenheimer Government Securities Fund
Oppenheimer High Yield Fund
Oppenheimer Mortgage Income Fund
Oppenheimer Cash Reserves (Class B shares are only available by exchange)
Oppenheimer Special Fund
Oppenheimer Equity Income Fund
Oppenheimer Global Fund

The Transfer Agent. Oppenheimer Shareholder Services, as transfer agent, is responsible for maintaining the Fund's shareholder registry and shareholder accounting records, and for shareholder servicing and administrative functions. For information about your account, call the toll-free number or write to the address of the Transfer Agent on the front cover.

PERFORMANCE OF THE FUND

As described in the Prospectus, from time to time the "standardized yield," "tax-equivalent yield," "dividend yield," "average annual total return," "total return" and "total return at net asset value" of an investment in each class of Fund shares may be advertised. An explanation of how standardized yield, tax-equivalent yield, average annual total return and total return are calculated for each class and the components of those calculations are set forth below.

Yield and total return information may be useful to investors in reviewing the Fund's performance. However, a number of factors should be considered before using such information as a basis for comparison with other investments. An investment in the Fund is not insured; its yield and total return are not guaranteed and normally will fluctuate on a daily basis. Yield and total return for any given past period are not an indication or representation by the Fund of future yields or rates of return on its shares. The Fund's yield and total return of the Class A and Class B shares of the Fund is affected by portfolio quality, portfolio maturity, type of investments held and operating expenses. When comparing yield, total return and investment risk of an investment in Class A or Class B shares of the Fund with those of other investment instruments, investors should understand that certain other investment alternatives such as certificates of deposit (CDs), U.S. Government securities, bank accounts, provide yields that are fixed or that may vary above stated minimum, and may be insured or guaranteed. In order to compare the Fund's dividends to the rate of return on taxable investments, Federal income taxes on such investments should be considered.

The Fund's "standardized yield" for a given 30-day period for a class of shares is 5.96%, calculated using the following formula set forth in the SEC rules:

$$\text{Standardized Yield} = \frac{(a-b) \times 6}{(cd) \times 100} \times 100$$

The symbols above represent the following factors:

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

The yield for a 30-day period may differ from its yield for any other period. The SEC formula assumes that the yield for a 30-day period occurs at a constant rate for a six-month period and is annualized at the end of the six-month period. The "standardized" yield is not based on distributions paid by the Fund to shareholders in the 30-day period, but is a hypothetical yield based upon the return on the Fund's portfolio investments, and may differ from the "dividend yield" described below. For the 30-day period ended December 31, 1993, the standardized yield for the Fund's Class A shares was ____ and the standardized yield for the Fund's Class B shares was ____.

The Fund's "tax-equivalent yield" adjusts the Fund's current yield, as calculated above, by a stated Federal tax rate. The tax-equivalent yield is based on a 30-day period, and is computed by dividing the tax-exempt portion of the Fund's yield (as calculated above) by one minus a stated income tax rate and adding the result to the portion (if any) of the Fund's yield that is not tax-exempt. The tax-equivalent yield may be used to compare the tax effects of income derived from the Fund with income from taxable investments at the tax rates stated. For the 30-day period ended December 31, 1993, the Fund's tax-equivalent yield for an individual in the 31% Federal tax bracket was ____ for an investment in Class A shares of the Fund and ____ for an investment in Class B shares of the Fund. Appendix B includes a tax-equivalent yield table, based on various effective tax brackets for individual taxpayers. Such tax

brackets are determined by a taxpayer's Federal taxable income (the net amount subject to Federal income tax after deductions and exemptions). The tax-equivalent yield table assumes that the investor is taxed at the highest bracket, regardless of whether a switch to non-taxable investments would cause a lower bracket to apply. For taxpayers with income above certain levels, otherwise allowable itemized deductions are limited.

The Fund's "average annual total return" is an average annual compounded rate of return. It is the rate of return based on factors which include a hypothetical initial investment of \$1,000 ("P" in the formula below) held for a number of years ("n") with an Ending Redeemable Value ("ERV") of that investment, according to the following formula:

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

The "total return" calculation uses some of the same factors, but does not average the rate of return on an annual basis. Total return measures the cumulative (rather than the average) change in value of a hypothetical investment over a stated period. Total return is determined as follows:

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

Both formulas assume (i) for the Class A shares, the payment of the Fund's current maximum sales charge of 4.75% (as a percentage of the offering price) on the initial investment ("P"), and (ii) for Class B shares, the payment of contingent deferred sales charge of 5.0% for the first year, 4.0% for the second year, 3.0% for the third and fourth years, 2.0% for the fifth year, 1.0% in the sixth year and none thereafter, applied as described in the Prospectus. The formulas also assume that all dividends and capital gains distributions during the period are reinvested at net asset value per share, and that the investment is redeemable at the end of the period. The "average annual total return" on an investment in Class A shares of the Fund (using the method described above) for the one, five and ten year periods ended December 31, 1993 were _____%, _____% and _____%, respectively. The total return for the 10-year period ended December 31, 1993, was _____%. For the fiscal period _____ through December 31, 1993, the average annual total return and the cumulative total return on an investment in Class B shares of the Fund was _____ and _____, respectively.

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

Dividend Yield of the Class =

Dividends of the Class

Max. Offering Price of the Class (last day of period)

divided by Number of days (accrual period) x 365

From time to time similar calculations may also be made using the Class A or Class B share net asset value (instead of their respective maximum offering price) at the end of the period. The dividend yield on Class A shares for the 30-day period ended December 31, 1993, was ____% and ____% when calculated at maximum offering price and at net asset value, respectively. The dividend yield on Class B shares for the 30-day period ended December 31, 1993 was ____ and ____ when calculated at maximum offering price and at net asset value, respectively.

From time to time the Fund may also quote a "total return at net asset value" for Class A or Class B shares. It is based on the difference in net asset value per share at the beginning and the end of the period (without considering sales charge) and takes into consideration the reinvestment of dividends and capital gains (as with total return, described above). The "total return at net asset value" on the Fund's Class A shares for the fiscal year ended December 31, 1993, was ____%. The "total return at net asset value" on the Fund's Class B shares for the fiscal period _____ through December 31, 1993 was _____.

For comparison, investments made at various assumed average annual rates of return for a ten-year period are:

Amount of Investment	Value on December 31, 1992 at Assumed Average Annual Return		
	5%	10%	15%
Single \$1,000	\$ 1,629	\$ 2,594	\$ 4,046
Annual \$1,000	\$13,208	\$17,533	\$23,350

Other Performance Comparisons. From time to time the Fund may publish its ranking of the performance of its Class A or Class B shares by Lipper Analytical Services, Inc. ("Lipper"), a widely-recognized independent mutual fund monitoring service. Lipper monitors the performance of regulated investment companies, including the Fund, and ranks their performance for various periods based on categories relating to investment objectives. The performance of the Fund's classes is ranked against (i) all other funds, and (ii) all general municipal bond funds. The Lipper performance analysis includes the reinvestment of capital gain distributions and income dividends but does not take sales charge or taxes into consideration. From time to time the Fund may include in its advertisements and sales literature performance information about the Fund cited in other newspapers and periodicals, such as The New York Times, which may include performance quotations from other sources, including Lipper and Morningstar.

From time to time the Fund may publish the ranking of the performance of its Class A or Class B shares by Morningstar, Inc., an independent mutual fund monitoring service that ranks mutual funds, including the Fund, based upon the Fund's three, five and ten-year average annual total returns (when available) and a risk factor that reflects fund performance relative to three-month U.S. Treasury bill monthly returns. Such returns are adjusted for fees and sales loads. There are five ranking categories with a corresponding number of stars: highest (5), above average (4), neutral (3), below average (2) and lowest (1). Morningstar ranks the Class A and Class B shares of the Fund in relation to other rated municipal bond funds.

DISTRIBUTION AND SERVICE PLANS

The Fund has adopted a Service Plan for the Fund's Class A Shares and a Distribution and Service Plan for and Class B Shares of the Fund under Rule 12b-1 of the Investment Company Act, pursuant to which the Fund will reimburse the Distributor quarterly for all or a portion of its costs incurred in connection with the distribution and/or servicing of the shares of that class. The Class A Plan and the Class B Plan have been, approved by a vote of the Board of Trustees of the Fund, including a majority of the "Independent Trustees" (those Trustees of the Fund who are not "interested persons," as defined in the Investment Company Act, and who have no direct or indirect financial interest in the operation of the Plans or in any agreements relating to the Plans), cast in person at a meeting called for the purpose of voting on that Plan. The Class A Plan has been approved by the Fund's Class A shareholders. Each Plan shall, unless terminated as described below, continue in effect from year to year but only as long as such continuance is specifically approved at least annually by the Fund's Board of Trustees and its Independent Trustees by a vote cast in person at a meeting called for the purpose of voting on such continuance. Either Plan may be terminated at any time by the vote of a majority of the Independent Trustees or by the vote of the holders of a "majority" (as defined in the Investment Company Act) of the outstanding shares of the respective class. Neither Plan may be amended to increase materially the amount of payments to be made, unless such amendment is approved by shareholders of the respective class, who vote exclusively on approval or amendment of the Plan for that class. All material amendments must be approved by the Independent Trustees.

While the Plans are in effect, the Treasurer of the Fund shall provide separate written reports to the Fund's Board of Trustees at least quarterly on the amount of all payments made pursuant to the Plan, the purpose for which each payment was made and the identity of each Recipient of a payment. The report for the Class B Plan shall also include the distribution costs for that quarter, and such costs for previous fiscal periods that are carried forward, as explained in the Prospectus and below. Those reports, including the allocations on which they are based, will be subject to the review and approval of the Independent Trustees in the exercise of their fiduciary duty. Each Plan further provides that while it is in effect, the selection and nomination of those Trustees of the Fund who are not "interested persons" of the Fund is committed to the discretion of the Independent Trustees. This does not prevent the involvement of others in such selection and nomination if the final decision on any such selection or nomination is approved by a majority of the Independent Trustees.

Under the Plans, no payment will be made to any Recipient in any quarter if the aggregate net asset value of all Fund shares held by the Recipient for itself and its customers did not exceed a minimum amount, if any, that may be determined from time to time by a majority of the Fund's Independent Trustees. Initially, the Board of Trustees has set the fee at the maximum rate and set no minimum amount. The Plans permit the Distributor and the Manager to make additional distribution payments to Recipients from their own resources (including profits from previous management fees) at no cost to the Fund. The Distributor and the Manager may, in their sole discretion, increase or decrease the amount of distribution assistance payments they make to Recipients from their own assets.

For the fiscal year ended December 31, 1993, payments under the Class A Plan totaled \$_____, all of which was paid by the Distributor to Recipients, including \$_____ paid to an affiliate of the Distributor. Any unreimbursed expenses incurred with respect to Class A shares for any fiscal quarter by the Distributor may not be recovered

under the Class A Plan in subsequent fiscal quarters. Payments received by the Distributor under the Class A Plan will not be used to pay any interest expense, carrying charges, or other financial costs, or allocation of overhead by the Distributor.

The Class B Plan allows the service fee payment to be paid by the Distributor to Recipients in advance for the first year Class B shares are outstanding, and thereafter on a quarterly basis, as described in the Prospectus. The advance payment is based on the net assets of the Class B shares sold. An exchange of shares does not entitle the Recipient to an advance service fee payment. In the event Class B shares are redeemed during the first year such shares are outstanding, the Recipient will be obligated to repay a pro rata portion of such advance payment to the Distributor. Although the Class B Plan permits the Distributor to retain both the asset-based sales charges and the service fee on Class B shares, or to pay Recipients the service fee on a quarterly basis, without payment in advance, the Distributor intends to pay the service fee to Recipients in the manner described above. A minimum holding period may be established from time to time under the Class B Plan by the Board. Initially, the Board has set no minimum holding period. All payments under the Class B Plan become subject to the limitations on such plans imposed by the National Association of Securities Dealers, Inc. Rules of Fair Practice. The Class B Plan allows for the carry-forward of distribution expenses, to be recovered from asset-based sales charges in subsequent fiscal periods, as described in the Prospectus. In the event the Class B Plan is terminated, the Distributor is entitled to continue to receive the asset-based sales charge of 0.75% per annum on Class B shares sold prior to termination until the Distributor has recovered its Class B distribution expenses incurred prior to termination from such payments and from the Class B CDSC. For the fiscal period from _____ through December 31, 1993, payments under the Class B plan totaled _____.

The asset-based sales charge paid to the Distributor by the Fund under the Class B Plan is intended to allow the Distributor to recoup the cost of sales commissions paid to authorized brokers and dealers at the time of sale, plus financing costs, as described in the Prospectus. Such payments may also be used to pay for the following expenses in connection with the distribution of Class B shares: (i) financing the advance of the service fee payment to Recipients under the Class B Plan, (ii) compensation and expenses of personnel employed by the Distributor to support distribution of Class B shares, and (iii) costs of sales literature, advertising and prospectuses (other than those furnished to current shareholders) and state "blue sky" registration fees.

The Glass-Steagall Act and other applicable laws and regulations, among other things generally prohibit Federally-chartered or supervised banks from engaging in the business of underwriting, selling or distributing securities as principals. It is the understanding of the Manager and the Distributor that the Glass-Steagall Act and other applicable laws and regulations do not prohibit banks and other financial institutions from providing the services required of a Recipient. Accordingly, the Distributor may pay banks only for sales made on an agency basis or for the performance of administrative and shareholder servicing functions. However, judicial or administrative decisions or interpretations of such laws, as well as changes in either Federal or state statutes or regulations relating to the permissible activities of banks or their subsidiaries or affiliates, could prevent certain banks from continuing to perform all or a part of these services. If a bank were so prohibited, shareholders of the Fund who were clients of such bank would be permitted to remain as shareholders, and if that bank could no longer provide those service functions, alternate means for continuing the

servicing of such shareholders would be sought. In such event, shareholders serviced by such bank might no longer be able to avail themselves of any automatic investment or other services then being provided by such bank. The Fund's Board of Trustees will consider appropriate modifications to the Fund's operations, including discontinuance of payments under the Plans to such institutions, in the event of any future change in such laws or regulations that may adversely affect the ability of such institutions to provide those services. It is not expected that shareholders would suffer any adverse financial consequences as a result of any of those occurrences. In addition, certain banks and financial institutions may be required to register as dealers under state law.

DIVIDENDS, CAPITAL GAINS AND TAXES

Dividends and Distributions. Dividends will be payable on shares held of record at the time of the previous determination of net asset value, or as otherwise described in "How to Buy Shares." An investor purchasing shares immediately prior to the declaration of a capital gains distribution, which has the effect of reducing the Fund's net asset value per share by the amount of the distribution, should consider the tax consequences of receiving such distribution. Daily dividends on newly purchased shares will not be declared or paid until such time as Federal Funds (funds credited to a member bank's account at the Federal Reserve Bank) are available from the purchase payment for such shares. Normally, purchase checks received from investors are converted to Federal Funds on the next business day. Dividends will be declared on shares repurchased by a dealer or broker for four business days following the trade date (i.e., to and including the day prior to settlement of the repurchase). If all shares in an account are redeemed, all dividends accrued on shares of the same class in the account will be paid together with the redemption proceeds.

Dividends, distributions and the proceeds of the redemption of Fund shares represented by checks returned to the Transfer Agent by the Postal Service as undeliverable will be invested in shares of Oppenheimer Money Market Fund, Inc., as promptly as possible after the return of such checks to the Transfer Agent, to enable the investor to earn a return on otherwise idle funds.

Special provisions of the Internal Revenue Code govern the eligibility of the Fund's dividends for the dividends-received deduction for corporate shareholders. Long-term capital gains distributions are not eligible for the deduction. In addition, the amount of dividends paid by the Fund which may qualify for the deduction is limited to the aggregate amount of qualifying dividends (generally dividends from domestic corporations) which the Fund derives from its portfolio investments held for a minimum period, usually 46 days. A corporate shareholder will not be eligible for the deduction on dividends paid on shares held by that shareholder for 45 days or less. To the extent the Fund's dividends are derived from its gross income from option premiums, interest income or short-term capital gains from the sale of securities, or dividends from foreign corporations, its dividends will not qualify for the deduction. It is expected that for the most part the Fund's dividends will not qualify, because of the nature of the investments held by the Fund in its portfolio.

The amount of a class's distributions may vary from time to time depending on market conditions, the composition of the Fund's portfolio, and expenses borne by the Fund or borne separately by a class, as described in "Alternative Sales Arrangements -- Class A and Class B Shares," above. Dividends are calculated in the same manner, at the same

time and on the same day for shares of each class. However, dividends on Class B shares are expected to be lower as a result of the asset-based sales charge on Class B shares, and Class B dividends will also differ in amount as a consequence of any difference in net asset value between Class A and Class B shares.

Distributions may be made annually in December out of any net short-term or long-term capital gains realized from the sale of securities, premiums from expired calls written by the Fund and net profits from Hedging Instruments and closing purchase transactions realized in the twelve months ending on October 31 of the current year. Any difference between the net asset value of Class A and Class B shares will be reflected in such distributions. Distributions from net short-term capital gains are taxable to shareholders as ordinary income and when paid by the Fund are considered "dividends." The Fund may make a supplemental distribution of capital gains and ordinary income following the end of its fiscal year. Any long-term capital gains distributions will be identified separately when paid and when tax information is distributed by the Fund. If prior distributions must be re-characterized at the end of the fiscal year as a result of the effect of the Fund's investment policies, shareholders may have a non-taxable return of capital, which will be identified in notices to shareholders. There is no fixed dividend rate (although the Fund may have a targeted dividend rate for Class A shares) and there can be no assurance as to the payment of any dividends or the realization of any capital gains.

If the Fund qualifies as a "regulated investment company" under the Internal Revenue Code, it will not be liable for Federal income taxes on amounts paid by it as dividends and distributions. The Fund qualified as a regulated investment company in its last fiscal year and intends to qualify in future years, but reserves the right not to qualify. The Internal Revenue Code contains a number of complex tests to determine whether the Fund will qualify, and the Fund might not meet those tests in a particular year. In order to qualify as a "regulated investment company," at the end of each quarter of its taxable year, at least 50% of the aggregate value of the Fund's total assets must consist of cash, cash items, government securities and other securities, limited with respect to each issuer at the time of purchase to not more than 5% of the Fund's total assets. If it does not qualify, the Fund will be treated for tax purposes as an ordinary corporation and will receive no tax deduction for payments of dividends and distributions made to shareholders.

Under the Internal Revenue Code, by December 31 each year, 98% of the Fund's taxable investment income earned from January 1 through December 31 of that year and 98% of its capital gains realized in the period from the prior November 1 of the prior year through October 31 of that year, or else the Fund must pay an excise tax on the amounts not distributed. The Manager might determine that in a particular year it would be in the best interests of the shareholders not to make such distributions at the required levels and to pay the excise tax on the undistributed amounts, which would reduce the amount available for distribution to shareholders.

Dividend Reinvestment in Another Fund. Shareholders of the Fund may elect to reinvest all dividends and/or capital gains distributions in shares of the same class of any of the other funds listed in the Prospectus as "Eligible Funds" at net asset value without sales charge. Class B shareholders should be aware that as of the date of this Additional Statement, not all Eligible Funds offer Class B shares. The names of the Funds can be obtained by calling the Distributor at 1-800-525-7048; see also "Exchanges on Class B Shares." above. To elect this option, a shareholder must notify the Transfer Agent in writing, and either have an

existing account in the fund selected for reinvestment or must obtain a prospectus for that fund and an application from the Distributor to establish an account. The investment will be made at the net asset value per share in effect at the close of business on the payable date of the dividend or distribution.

ADDITIONAL INFORMATION ABOUT THE FUND

Information about the Fund's Declaration of Trust and Business Structure. Shares of the Fund represent an interest in the Fund proportionately equal to the interest of each other share of the same class and entitle their holders to one vote per share (and a proportional vote for a fractional share) on matters submitted to their vote at shareholder meetings. Only shareholders of a particular class vote on matters affecting only that class. The Trustees may divide or combine the shares of a class into a greater or lesser number of shares without thereby changing the proportionate beneficial interest in the Fund. Shares do not have cumulative voting rights or preemptive or subscription rights. The Trustees may authorize additional classes of shares without shareholder approval.

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

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

The Distributor. Under the General Distributor's Agreement between the Fund and the Distributor, the Distributor acts as the Fund's principal underwriter in the continuous public offering of the Fund's Class A and Class B shares but is not obligated to sell a specific number of shares.

Expenses normally attributable to sales (other than those paid under the Plan's of Distribution), including advertising and the cost of printing and mailing prospectuses (other than those furnished to existing shareholders), are borne by the Distributor. During the fiscal years ended December 31, 1991, 1992 and 1993, the aggregate sales charges on sales of the Fund's shares were \$2,419,747, \$3,542,900 and \$ _____, respectively, of which the Distributor retained an affiliated broker-dealer retained in the aggregate \$672,336, \$1,077,669 and \$ _____ in 1991, 1992 and 1993, respectively.

Information About the Custodian of the Fund's Portfolio Securities. The Custodian of the assets of the Fund is Citibank, N.A. The Custodian's responsibilities include safeguarding and controlling the Fund's portfolio securities and handling the delivery of such securities to and from the Fund. The Manager and its affiliates have banking relationships with the Custodian. The Manager has represented to the Fund that its banking relationships with the Custodian have been and will continue to be unrelated to and unaffected by the relationship between the Fund and the Custodian. It will be the practice of the Fund to deal with the Custodian in a manner uninfluenced by any banking relationship the Custodian may have with the Manager and its affiliates. The Fund's cash balances with the custodian in excess of \$100,000 are not protected by Federal deposit insurance. Such uninsured balances may at times be substantial.

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

Appendix B

TAX EXEMPT/TAX EQUIVALENT YIELDS

The equivalent yield table below compares tax-free income with taxable income under Federal income tax rates effective in 1993. The tables assume that an investor's highest tax bracket applies to the change in taxable income resulting from a switch between taxable and non-taxable investments, that the investor is not subject to the Alternative Minimum Tax, and that the state income tax payments are fully deductible for Federal income tax purposes. The income tax brackets are subject to indexing in future years to reflect changes in the Consumer Price Index.

Example: Assuming a 6% tax-free yield, the equivalent taxable yield would be 8.70% of a person in the 31% tax bracket.

<TABLE>
<CAPTION>

Federal Taxable Income	Effective Tax Bracket	Oppenheimer Tax-Free Bond Fund Yield of:	4.5%	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%
		Is Approximately Equivalent To a Taxable Yield of:								

JOINT RETURN

Over	Not over									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
\$ 0	\$36,800	15%	5.29%	5.88%	6.47%	7.06%	7.65%	8.24%	8.82%	9.41%
\$36,900	\$89,150	28%	6.25%	6.94%	7.64%	8.33%	9.03%	9.72%	10.42%	11.11%
\$89,150 and above		31%	6.52%	7.25%	7.97%	8.70%	9.42%	10.14%	10.87%	11.59%

SINGLE RETURN

Over	Not over										
\$ 0	\$22,100	15%	5.29%	5.88%	6.47%	7.06%	7.65%	8.24%	8.82%	9.41%	
\$22,100	\$53,500	28%	6.25%	6.94%	7.64%	8.33%	9.03%	9.72%	10.42%	11.11%	
\$53,500	and above	31%	6.52%	7.25%	7.97%	8.70%	9.42%	10.14%	10.87%	11.59%	

</TABLE>

Investment Adviser

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

Distributor

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

Transfer Agent and Shareholder Servicing Agent

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

Custodian of Portfolio Securities

Citibank, N.A.
One Citicorp Center
New York, New York 10154

Independent Auditors

KPMG Peat Marwick
707 Seventeenth Street
Denver, Colorado 80202

Counsel

Gordon Altman Butowsky Weitzen
Shalov & Wein
114 West 47th Street
New York, New York 10036

OPPENHEIMER TAX-FREE BOND FUND

FORM N-1A

PART C

OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) Financial Statements

- (1) Condensed Financial Information (See Part A): To be filed by amendment.
- (2) Independent Auditors' Report (See Part B): To be filed by amendment.

- (3) Statement of Investments (See Part B): To be filed by amendment.
- (4) Statement of Assets and Liabilities (See Part B): To be filed by amendment.
- (5) Statement of Operations (See Part B): To be filed by amendment.
- (6) Statements of Changes in Net Assets (See Part B): To be filed by amendment.
- (7) Per Share Data and Ratios (See Part B): To be filed by amendment.
- (8) Notes to Financial Statements (See Part B): To be filed by amendment.
- (9) Consent of Independent Auditor: To be filed by amendment.

(b) Exhibits

- (1)
 - (i) Declaration of Trust dated February 25, 1987: Filed with Post-Effective Amendment No. 22 to its Registrant's Registration Statement and incorporated herein by reference.
 - (ii) Amended and Restated Declaration of Trust dated March 12, 1993: Filed with Post-Effective Amendment No. 30 to Registrant's Registration Statement, 3/16/93, and incorporated herein by reference.
- (2)
 - (i) Amended By-Laws of Registrant as of May 1, 1987: Filed with Post-Effective Amendment No. 22 to its Registrant's Registration Statement and incorporated herein by reference.
 - (ii) Amended By-Laws of Registrant as of August 6, 1987: Filed with Form SE to Registrant's Form N-SAR for the fiscal year ended 12/31/87 and incorporated herein by reference.
- (3) Not applicable
- (4)
 - (i) Specimen Class A Share Certificate: Filed with Post-Effective Amendment No. 22 to Registrant's Registration Statement and incorporated herein by reference.
 - (ii) Specimen Class B Share Certificate: Filed herewith.
- (5) Investment Advisory Agreement dated October 22, 1990: Filed with Post-Effective Amendment No. 27 to Registrant's Registration Statement, 3/1/91, and incorporated herein by reference.
- (6)
 - (i) General Distributor's Agreement dated December 10, 1992: Filed with Post-Effective Amendment No. 30 to Registrant's Registration Statement, 3/16/93, and incorporated herein by reference.

- (ii) Form of Oppenheimer Fund Management, Inc. Dealer Agreement: Filed with Post-Effective Amendment No. 12 to the Registration Statement of Oppenheimer Government Securities Fund (Reg. No. 33-02769), 12/2/92, and incorporated herein by reference.
 - (iii) Form of Oppenheimer Fund Management, Inc. Broker Agreement: Filed with Post-Effective Amendment No. 12 to the Registration Statement of Oppenheimer Government Securities Fund (Reg. No. 33-02769), 12/2/92, and incorporated herein by reference.
 - (iv) Form of Oppenheimer Fund Management, Inc. Agency Agreement: Filed with Post-Effective Amendment No. 12 to the Registration Statement of Oppenheimer Government Securities Fund (Reg. No. 33-02769), 12/2/92, and incorporated herein by reference.
 - (v) Broker Agreement between Oppenheimer Fund Management, Inc. and Newbridge Securities, Inc. dated October 1, 1986: Previously filed with Post-Effective Amendment No. 25 to the Registration Statement of Oppenheimer Special Fund (File No. 2-45272), 11/1/86, and incorporated herein by reference.
- (7) Retirement Plan for Non-Interested Trustees or Directors (adopted 6/7/90): Filed with Post-Effective Amendment No. 97 of Oppenheimer Fund (Reg. No. 2-14586), and incorporated herein by reference.
- (8) (i) Custodian Agreement dated October 7, 1976: Filed with Post-Effective Amendment No.2 to Registrant's Registration Statement and incorporated herein by reference.
- (ii) Assignment and Amendment dated May 1, 1987 of Custody Agreement dated October 7, 1976 among Oppenheimer Tax-Free Bond Fund, Inc., Citibank, N.A., and Oppenheimer Tax-Free Bond Fund: Filed with Post-Effective Amendment No. 22 to Registrant's Registration Statement and incorporated herein by reference.
- (iii) Amendment dated as of March, 1978 to Custody Agreement of Oppenheimer Tax-Free Bond Fund, Inc.: Filed with Post-Effective Amendment No. 24 to Registrant's Registration Statement, 4/29/88, and incorporated herein by reference.
- (iv) Amendment dated as of August 13, 1980 to Custody Agreement of Oppenheimer Tax-Free Bond Fund, Inc.: Filed with Post-Effective Amendment No. 24 to Registrant's Registration Statement, 4/29/88, and incorporated herein by reference.
- (v) Amendment dated September 28, 1984 to Custody Agreement of Oppenheimer Tax-Free Bond Fund, Inc.: Filed with Post-Effective Amendment No. 24 to Registrant's Registration Statement, 4/29/88, and incorporated herein by reference.

- (vi) Amendment dated June 16, 1986 to Custody Agreement of Oppenheimer Tax-Free Bond Fund, Inc.: Filed with Post-Effective Amendment No. 24 to Registrant's Registration Statement, 4/29/88, and incorporated herein by reference.
- (9)
 - (i) Agreement and Plan of Reorganization and Liquidation dated 2/12/87 by and between Registrant and Oppenheimer Tax-Free Bond Fund, Inc.: Filed with Post-Effective Amendment No. 24 to Registrant's Registration Statement, 4/29/88, and incorporated herein by reference.
 - (ii) Articles of Transfer dated 4/30/87 of the Registrant and Oppenheimer Tax-Free Bond Fund, Inc.: Filed with Post-Effective Amendment No. 24 to Registrant's Registration Statement, 4/29/88, and incorporated herein by reference.
 - (iii) Agreement and Plan of Reorganization dated 2/28/91 between Registrant and MassMutual Tax-Exempt Bond Fund: Filed with Post-Effective Amendment No. 30 to Registrant's Registration Statement, 3/16/93, and incorporated herein by reference.
 - (iv) Agreement and Plan of Reorganization dated 8/5/91 between Registrant and Advance America Funds, Inc. on behalf of Tax-Free Income Fund: Filed with Post-Effective Amendment No. 30 to Registrant's Registration Statement, 3/16/93, and incorporated herein by reference.
- (10) Opinion and Consent of Counsel dated 5/1/87: Filed with Post-Effective Amendment No. 22 to Registrant's Registration Statement and incorporated herein by reference.
- (11) Not applicable.
- (12) Not applicable.
- (13) Investment Letter dated 12/23/83 from Oppenheimer Management Corporation to Registrant: Filed with Post-Effective Amendment No. 2 to Registrant's Registration Statement and incorporated herein by reference.
- (14) Not applicable.
- (15)
 - (i) Service Plan and Agreement for Class A shares dated 6/10/93 pursuant to Rule 12b-1 under the Investment Company Act of 1940: Filed herewith.
 - (ii) Distribution and Service Plan and Agreement for Class B shares under Rule 12b-1 dated 6/10/93: Filed herewith.
- (16) Performance computation schedule: To be filed by amendment.
- Powers of Attorney, including Certified Board Resolutions: Filed herewith.

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

None

Item 26. Number of Holders of Securities

Title of Class	Number of Record Holders as of February 18, 1994
Class A Shares of Beneficial Interest	19,395
Class B Shares of Beneficial Interest	1,393

Item 27. Indemnification

Reference is made to paragraphs (c) through (g) of Section 12 of Article SEVENTH of Registrant's Declaration of Trust filed as Exhibit 24(b) (1) to this Registration Statement.

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

Item 28. Business and Other Connections of Investment Adviser

- (a) Oppenheimer Management Corporation is the investment adviser of the Registrant; it and certain subsidiaries act in the same capacity for other registered investment companies as described in Parts A and B hereof.
- (b) For information as to the business, profession, vocation or employment of a substantial nature of each of the officers and directors of Oppenheimer Management Corporation, reference is made to Part B of this Registration Statement and to the registration on Form ADV filed by Oppenheimer Management Corporation under the Investment Advisers Act of 1940, which filing is incorporated herein by reference.

Item 29. Principal Underwriter

- (a) Oppenheimer Fund Management, Inc. is the Distributor of Registrant's shares. It is also the Distributor of certain of the other registered open-end investment companies for which Oppenheimer Management Corporation is the investment adviser, as described in Parts A and B of this Registration Statement.
- (b) The information contained in the registration on Form BD of Oppenheimer Fund Management, Inc., filed under the Securities

Exchange Act of 1934, is incorporated herein by reference.

(c) Not applicable.

Item 30. Location of Accounts and Records

The accounts, books and other documents required to be maintained by Registrant pursuant to Section 31(a) of the Investment Company Act and rules promulgated thereunder are in possession of Oppenheimer Management Corporation at its offices at 3410 South Galena Street, Denver, Colorado 80231.

Item 31. Management Services

Not applicable.

Item 32. Undertakings

(a) Not applicable.

(b) Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and/or the Investment Company Act of 1940, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York on the 28th day of February, 1994.

OPPENHEIMER TAX-FREE BOND FUND

By: /s/ Donald W. Spiro*

Donald W. Spiro, President

Attest:

/s/ Andrew J. Donohue*

Andrew J. Donohue, Secretary

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

Signatures -----	Title -----	Date -----
/s/ Leon Levy* ----- Leon Levy	Chairman of the Board of Trustees	February 28, 1994
/s/ Donald W. Spiro* ----- Donald W. Spiro	President, Principal Executive Officer and Trustee	February 28, 1994
/s/ George Bowen* -----	Treasurer and Principal Financial	

George Bowen	and Accounting Officer	February 28, 1994
/s/ Leo Cherne* ----- Leo Cherne	Trustee	February 28, 1994
/s/ Edmund T. Delaney* ----- Edmund T. Delaney	Trustee	February 28, 1994
/s/ Robert G. Galli* ----- Robert G. Galli	Trustee	February 28, 1994
/s/ Benjamin Lipstein* ----- Benjamin Lipstein	Trustee	February 28, 1994
/s/ Kenneth A. Randall* ----- Kenneth A. Randall	Trustee	February 28, 1994
/s/ Sidney M. Robbins* ----- Sidney M. Robbins	Trustee	February 28, 1994
/s/ Russell S. Reynolds, Jr.* ----- Russell S. Reynolds, Jr.	Trustee	February 28, 1994
/s/ Pauline Trigere* ----- Pauline Trigere	Trustee	February 28, 1994
/s/ Elizabeth B. Moynihan* ----- Elizabeth B. Moynihan	Trustee	February 28, 1994
/s/ Clayton K. Yeutter* ----- Clayton K. Yeutter	Trustee	February 28, 1994
/s/ Edward V. Regan* ----- Edward V. Regan	Trustee	February 28, 1994

*By: /s/ Robert G. Zack

Robert G. Zack, Attorney-in-Fact

EXHIBIT INDEX

Exhibit No. Description

- 24(b) (4) (ii) Specimen Class B Share Certificate
- 25(b) (15) (i) Service Plan and Agreement for Class A shares under rule 12b-1 dated June 10, 1993
- 25(b) (15) (ii) Distribution and Service Plan and Agreement for Class B shares under rule 12b-1 dated June 10, 1993
- -- Powers of Attorney, including Certified Board Resolutions

OPPENHEIMER TAX-FREE BOND FUND
Share Certificate (8-1/2" x 11")

I. FRONT OF CERTIFICATE (All text and other matter lies within 8-1/4" x 10-3/4" decorative border, 5/16" wide)

(upper left corner) share certificate no.

(upper left, box with heading: NUMBER [of shares] below cert no.)

(upper right) box with heading: CLASS B SHARES

(centered below boxes) OPPENHEIMER TAX-FREE BOND FUND
A MASSACHUSETTS BUSINESS TRUST

(at left) THIS IS TO CERTIFY THAT

(at right) SEE REVERSE FOR CERTAIN DEFINITIONS

(box with number)
CUSIP 683805105

(at left) is the owner of

(centered) FULLY PAID CLASS B SHARES OF BENEFICIAL INTEREST

OPPENHEIMER TAX-FREE BOND FUND

(hereinafter called the "Fund"), transferable only on the books of the Fund By the holder hereof in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the Declaration of Trust of the Fund to all of which the holder by acceptance hereof assents. This certificate is not valid until countersigned by the Transfer Agent.

WITNESS the facsimile seal of the Fund and the signatures of its duly authorized officers.

(at left of seal)
(signature)

Dated:

(at right of seal)
(signature)

(centered at bottom)
1-1/2" diameter facsimile seal
with legend

OPPENHEIMER TAX-FREE BOND FUND
SEAL
1987
COMMONWEALTH OF MASSACHUSETTS

(at lower right, printed
vertically)

Countersigned
OPPENHEIMER SHAREHOLDER SERVICES
[A DIVISION OF OPPENHEIMER MANAGEMENT
CORPORATION]
Denver (CO.) Transfer Agent

By _____
Authorized Signature

II. BACK OF CERTIFICATE (text reads from top to bottom of 11" dimension)

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entirety
JT TEN WROS NOT TC - as joint tenants with
rights of survivorship and not
as tenants in common

UNIF GIFT/TRANSFER MIN ACT - _____ Custodian _____
(Cust) (Minor)

UNDER UGMA/UTMA _____
(State)

Additional abbreviations may also be used though not on above list.

For Value Received hereby sell(s), assign(s) and
transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR
OTHER IDENTIFYING NUMBER OF ASSIGNEE

SERVICE PLAN AND AGREEMENT

BETWEEN

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

AND

OPPENHEIMER TAX-FREE BOND FUND

FOR CLASS A SHARES

SERVICE PLAN AND AGREEMENT (the "Plan") dated the 10th day of June, 1993, by and between OPPENHEIMER TAX-FREE BOND FUND (the "Fund") and OPPENHEIMER FUNDS DISTRIBUTOR, INC. (the "Distributor").

1. The Plan. This Plan is the Fund's written service plan for its Class A Shares described in the Fund's registration statement as of the date this Plan takes effect, contemplated by and to comply with Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, pursuant to which the Fund will reimburse the Distributor for a portion of its costs incurred in connection with the personal service and the maintenance of shareholder accounts ("Accounts") that hold Class A Shares (the "Shares") of such series and class of the Fund. The Fund may be deemed to be acting as distributor of securities of which it is the issuer, pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the "1940 Act"), according to the terms of this Plan. The Distributor is authorized under the Plan to pay "Recipients," as hereinafter defined, for rendering services and for the maintenance of Accounts. Such Recipients are intended to have certain rights as third-party beneficiaries under this Plan.

2. Definitions. As used in this Plan, the following terms shall have the following meanings:

(a) "Recipient" shall mean any broker, dealer, bank or other institution which: (i) has rendered services in connection with the personal service and maintenance of Accounts; (ii) shall furnish the Distributor (on behalf of the Fund) with such information as the Distributor shall reasonably request to answer such questions as may arise concerning such service; and (iii) has been selected by the Distributor to receive payments under the Plan. Notwithstanding the foregoing, a majority of the Fund's Board of Trustees (the "Board") who are not "interested persons" (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of this Plan or in any agreements relating to this Plan (the "Independent

Trustees") may remove any broker, dealer, bank or other institution as a Recipient, whereupon such entity's rights as a third-party beneficiary hereof shall terminate.

(b) "Qualified Holdings" shall mean, as to any Recipient, all Shares owned beneficially or of record by: (i) such Recipient, or (ii) such customers, clients and/or accounts as to which such Recipient is a fiduciary or custodian or co-fiduciary or co-custodian (collectively, the "Customers"), but in no event shall any such Shares be deemed owned by more than one Recipient for purposes of this Plan. In the event that two entities would otherwise qualify as Recipients as to the same Shares, the Recipient which is the dealer of record on the Fund's books shall be deemed the Recipient as to such Shares for purposes of this Plan.

3. Payments.

(a) Under the Plan, the Fund will make payments to the Distributor, within forty-five (45) days of the end of each calendar quarter, in the amount of the lesser of: (i) .0625% (.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of the Shares computed as of the close of each business day of Qualified Holdings that are attributable to sales made on or after April 1, 1988, or (ii) the Distributor's actual expenses under the Plan for that quarter of the type approved by the Board. The Distributor will use such fee received from the Fund in its entirety to reimburse itself for payments to Recipients and for its other expenditures and costs of the type approved by the Board incurred in connection with the personal service and maintenance of Accounts including, but not limited to, the services described in the following paragraph. The Distributor may make Plan payments to any "affiliated person" (as defined in the 1940 Act) of the Distributor if such affiliated person qualifies as a Recipient.

The services to be rendered by the Distributor and Recipients in connection with the personal service and the maintenance of Accounts may include, but shall not be limited to, the following: answering routine inquiries from the Recipient's customers concerning the Fund, providing such customers with information on their investment in shares, assisting in the establishment and maintenance of accounts or sub-accounts in the Fund, making the Fund's investment plans and dividend payment options available, and providing such other information and customer liaison services and the maintenance of Accounts as the Distributor or the Fund may reasonably request. It may be presumed that a Recipient has provided services qualifying for compensation under the Plan if it has Qualified Holdings of Shares to entitle it to payments under the Plan. In the event that either the Distributor or the Board should have reason to believe that, notwithstanding the level of Qualified Holdings, a Recipient may not be rendering appropriate services, then the Distributor, at the request of the Board, shall require the Recipient to provide a written

report or other information to verify that said Recipient is providing appropriate services in this regard. If the Distributor still is not satisfied, it may take appropriate steps to terminate the Recipient's status as such under the Plan, whereupon such entity's rights as a third-party beneficiary hereunder shall terminate.

Payments received by the Distributor from the Fund under the Plan will not be used to pay any interest expense, carrying charges or other financial costs, or allocation of overhead by the Distributor, or for any other purpose other than for the payments described in this Section 3. The amount payable to the Distributor each quarter will be reduced to the extent that reimbursement payments otherwise permissible under the Plan have not been authorized by the Board of Trustees for that quarter. Any unreimbursed expenses incurred for any quarter by the Distributor may not be recovered in later periods.

(b) The Distributor shall make payments to any Recipient quarterly, within forty-five (45) days of the end of each calendar quarter, at a rate not to exceed .0625% (.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of the Shares computed as of the close of each business day of Qualified Holdings owned beneficially or of record by the Recipient or by its Customers that are attributable to sales made on and after April 1, 1988 (excluding Shares acquired in reorganizations with investment companies for which Oppenheimer Management Corporation or an affiliate acts as investment adviser and which have not adopted a distribution plan at the time of the reorganization with the Fund). However, no such payments shall be made to any Recipient for any such quarter in which its Qualified Holdings do not equal or exceed, at the end of such quarter, the minimum amount ("Minimum Qualified Holdings"), if any, to be set from time to time by a majority of the Independent Trustees. A majority of the Independent Trustees may at any time or from time to time increase or decrease and thereafter adjust the rate of fees to be paid to the Distributor or to any Recipient, but not to exceed the rate set forth above, and/or increase or decrease the number of shares constituting Minimum Qualified Holdings. The Distributor shall notify all Recipients of the Minimum Qualified Holdings and the rate of payments hereunder applicable to Recipients, and shall provide each Recipient with written notice within thirty (30) days after any change in these provisions. Inclusion of such provisions or a change in such provisions in a revised current prospectus shall constitute sufficient notice.

(c) Under the Plan, payments may be made to Recipients: (i) by Oppenheimer Management Corporation ("OMC") from its own resources (which may include profits derived from the advisory fee it receives from the Fund), or (ii) by the Distributor (a subsidiary of OMC), from its own resources.

4. Selection and Nomination of Trustees. While this Plan is in effect, the selection or replacement of Independent Trustees and the nomination

of those persons to be Trustees of the Fund who are not "interested persons" of the Fund shall be committed to the discretion of the Independent Trustees. Nothing herein shall prevent the Independent Trustees from soliciting the views or the involvement of others in such selection or nomination if the final decision on any such selection and nomination is approved by a majority of the incumbent Independent Trustees.

5. Reports. While this Plan is in effect, the Treasurer of the Fund shall provide at least quarterly a written report to the Fund's Board for its review, detailing the amount of all payments made pursuant to this Plan, the identity of the Recipient of each such payment, and the purposes for which the payments were made. The report shall state whether all provisions of Section 3 of this Plan have been complied with. The Distributor shall annually certify to the Board the amount of its total expenses incurred that year with respect to the personal service and maintenance of Accounts in conjunction with the Board's annual review of the continuation of the Plan.

6. Related Agreements. Any agreement related to this Plan shall be in writing and shall provide that: (i) such agreement may be terminated at any time, without payment of any penalty, by vote of a majority of the Independent Trustees or by a vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding voting securities of the Class, on not more than sixty days written notice to any other party to the agreement; (ii) such agreement shall automatically terminate in the event of its "assignment" (as defined in the 1940 Act); (iii) it shall go into effect when approved by a vote of the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such agreement; and (iv) it shall, unless terminated as herein provided, continue in effect from year to year only so long as such continuance is specifically approved at least annually by the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance.

7. Effectiveness, Continuation, Termination and Amendment. This Plan has been approved by a vote of the Independent Trustees cast in person at a meeting called on June 10, 1993 for the purpose of voting on this Plan, and takes effect as of July 1, 1993. Unless terminated as hereinafter provided, it shall continue in effect until December 31, 1993 and from year to year thereafter or as the Board may otherwise determine only so long as such continuance is specifically approved at least annually by the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance. This Plan may be terminated at any time by vote of a majority of the Independent Trustees or by the vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding voting securities of the Class. This Plan may not be amended to increase materially the amount of payments to be made without approval of the Class A Shareholders, in the manner described above, and all material amendments must be approved by a vote of the Board and of the Independent Trustees.

8. Disclaimer of Shareholder and Trustee Liability. The Distributor understands that the obligations of the Fund under this Plan are not binding upon any Trustee or shareholder of the Fund personally, but bind only the Fund and the Fund's property. The Distributor represents that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming shareholder and Trustee liability for acts or obligations of the Fund.

OPPENHEIMER TAX-FREE BOND FUND

By: /s/ Robert G. Zack

Robert G. Zack, Assistant Secretary

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

By: /s/ Katherine P. Feld

Katherine P. Feld
Vice President & Secretary

DISTRIBUTION AND SERVICE PLAN AND AGREEMENT

WITH

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

FOR CLASS B SHARES OF

OPPENHEIMER TAX-FREE BOND FUND

DISTRIBUTION AND SERVICE PLAN AND AGREEMENT (the "Plan") dated the 10th day of June, 1993 by and between OPPENHEIMER TAX-FREE BOND FUND (the "Fund") and OPPENHEIMER FUNDS DISTRIBUTOR, INC. (the "Distributor").

1. The Plan. This Plan is the Fund's written distribution and service plan for Class B shares of the Fund (the "Shares"), contemplated by Rule 12b-1 (the "Rule") under the Investment Company Act of 1940 (the "1940 Act"), pursuant to which the Fund will compensate the Distributor for a portion of its costs incurred in connection with the distribution of Shares, and the personal service and maintenance of shareholder accounts that hold Shares ("Accounts"). The Fund may act as distributor of securities of which it is the issuer, pursuant to the Rule, according to the terms of this Plan. The Distributor is authorized under the Plan to pay "Recipients," as hereinafter defined, for rendering (1) distribution assistance in connection with the sale of Shares and/or (2) administrative support services with respect to Accounts. Such Recipients are intended to have certain rights as third-party beneficiaries under this Plan. The terms and provisions of this Plan shall be interpreted and defined in a manner consistent with the provisions and definitions contained in (i) the 1940 Act, (ii) the Rule, (iii) Article III, Section 26, of the Rules of Fair Practice of the National Association of Securities Dealers, Inc., or its successor (the "NASD Rules of Fair Practice") and (iv) any conditions pertaining either to distribution related expenses or to a plan of distribution, to which the Fund is subject under any order on which the Fund relies, issued at any time by the Securities and Exchange Commission.

2. Definitions. As used in this Plan, the following terms shall have the following meanings:

(a) "Recipient" shall mean any broker, dealer, bank or other institution which: (i) has rendered assistance (whether direct, administrative or both) in the distribution of Shares or has provided administrative support services with respect to Shares held by Customers (defined below) of the Recipient; (ii) shall furnish the Distributor (on behalf of the Fund) with such information as the Distributor shall reasonably request to answer such questions as may

arise concerning the sale of Shares; and (iii) has been selected by the Distributor to receive payments under the Plan. Notwithstanding the foregoing, a majority of the Fund's Board of Trustees (the "Board") who are not "interested persons" (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of this Plan or in any agreements relating to this Plan (the "Independent Trustees") may remove any broker, dealer, bank or other institution as a Recipient, whereupon such entity's rights as a third-party beneficiary hereof shall terminate.

(b) "Qualified Holdings" shall mean, as to any Recipient, all Shares owned beneficially or of record by: (i) such Recipient, or (ii) such customers, clients and/or accounts as to which such Recipient is a fiduciary or custodian or co-fiduciary or co-custodian (collectively, the "Customers"), but in no event shall any such Shares be deemed owned by more than one Recipient for purposes of this Plan. In the event that two entities would otherwise qualify as Recipients as to the same Shares, the Recipient which is the dealer of record on the Fund's books shall be deemed the Recipient as to such Shares for purposes of this Plan.

3. Payments for Distribution Assistance and Administrative Support Services.

(a) The Fund will make payments to the Distributor, (i) within forty-five (45) days of the end of each calendar quarter, in the aggregate amount of 0.0625% (0.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of the Shares computed as of the close of each business day (the "Service Fee"), plus (ii) within ten (10) days of the end of each month, in the aggregate amount of 0.0625% (0.75% on an annual basis) of the average during the month of the aggregate net asset value of Shares computed as of the close of each business day (the "Asset Based Sales Charge") outstanding for six years or less (the "Maximum Holding Period"). Such Service Fee payments received from the Fund will compensate the Distributor and Recipients for providing administrative support services of the type approved by the Board with respect to Accounts. Such Asset Based Sales Charge payments received from the Fund will compensate the Distributor and Recipients for providing distribution assistance in connection with the sales of Shares.

The administrative support services in connection with the Accounts to be rendered by Recipients may include, but shall not be limited to, the following: answering routine inquiries concerning the Fund, assisting in the establishment and maintenance of accounts or sub-accounts in the Fund and processing Share redemption transactions, making the Fund's investment plans and dividend payment options available, and providing such other information and services in connection with the rendering of personal services and/or the maintenance of Accounts, as the Distributor or the Fund may reasonably request.

The distribution assistance in connection with the sale of Shares to be rendered by the Distributor and Recipients may include, but shall not be limited to, the following: distributing sales literature and prospectuses other than those furnished to current holders of the Fund's Shares ("Shareholders"), and providing such other information and services in connection with the distribution of Shares as the Distributor or the Fund may reasonably request.

It may be presumed that a Recipient has provided distribution assistance or administrative support services qualifying for payment under the Plan if it has Qualified Holdings of Shares to entitle it to payments under the Plan. In the event that either the Distributor or the Board should have reason to believe that, notwithstanding the level of Qualified Holdings, a Recipient may not be rendering appropriate distribution assistance in connection with the sale of Shares or administrative support services for Accounts, then the Distributor, at the request of the Board, shall require the Recipient to provide a written report or other information to verify that said Recipient is providing appropriate distribution assistance and/or services in this regard. If the Distributor still is not satisfied, it may take appropriate steps to terminate the Recipient's status as such under the Plan, whereupon such entity's rights as a third-party beneficiary hereunder shall terminate.

(b) The Distributor shall make service fee payments to any Recipient quarterly, within forty-five (45) days of the end of each calendar quarter, at a rate not to exceed 0.0625% (0.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of Shares computed as of the close of each business day, constituting Qualified Holdings owned beneficially or of record by the Recipient or by its Customers for a period of more than the minimum period (the "Minimum Holding Period"), if any, to be set from time to time by a majority of the Independent Trustees. Alternatively, the Distributor may, at its sole option, make service fee payments ("Advance Service Fee Payments") to any Recipient quarterly, within forty-five (45) days of the end of each calendar quarter, at a rate not to exceed (i) 0.25% of the average during the calendar quarter of the aggregate net asset value of Shares, computed as of the close of business on the day such Shares are sold, constituting Qualified Holdings sold by the Recipient during that quarter and owned beneficially or of record by the Recipient or by its Customers, plus (ii) 0.0625% (0.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of Shares computed as of the close of each business day, constituting Qualified Holdings owned beneficially or of record by the Recipient or by its Customers for a period of more than one (1) year, subject to reduction or chargeback so that the Advance Service Fee Payments do not exceed the limits on payments to Recipients that are, or may be, imposed by Article III, Section 26, of the NASD Rules of Fair Practice. In the event Shares are redeemed less than one year after the date such

Shares were sold, the Recipient is obligated and will repay to the Distributor on demand a pro rata portion of such Advance Service Fee Payments, based on the ratio of the time such shares were held to one (1) year. The Advance Service Fee Payments described in part (i) of the preceding sentence may, at the Distributor's sole option, be made more often than quarterly, and sooner than the end of the calendar quarter. However, no such payments shall be made to any Recipient for any such quarter in which its Qualified Holdings do not equal or exceed, at the end of such quarter, the minimum amount ("Minimum Qualified Holdings"), if any, to be set from time to time by a majority of the Independent Trustees. A majority of the Independent Trustees may at any time or from time to time decrease and thereafter adjust the rate of fees to be paid to the Distributor or to any Recipient, but not to exceed the rate set forth above, and/or direct the Distributor to increase or decrease the Maximum Holding Period, the Minimum Holding Period or the Minimum Qualified Holdings. The Distributor shall notify all Recipients of the Minimum Qualified Holdings, Maximum Holding Period or Minimum Holding Period, if any, and the rate of payments hereunder applicable to Recipients, and shall provide each Recipient with written notice within thirty (30) days after any change in these provisions. Inclusion of such provisions or a change in such provisions in a revised current prospectus shall constitute sufficient notice. The Distributor may make Plan payments to any "affiliated person" (as defined in the 1940 Act) of the Distributor if such affiliated person qualifies as a Recipient.

(c) The Distributor is entitled to retain from the payments described in Section 3(a) the aggregate amount of (i) the Service Fee on Shares outstanding for less than the Minimum Holding Period plus (ii) the Asset-Based Sales Charge on Shares outstanding for not more than the Maximum Holding Period, in each case computed as of the close of each business day during that period and subject to reduction or elimination of such amounts under the limits to which the Distributor is, or may become, subject under Article III, Section 26, of the NASD Rules of Fair Practice. Such amount is collectively referred to as the "Quarterly Limitation." The distribution assistance and administrative support services in connection with the sale of Shares to be rendered by the Distributor may include, but shall not be limited to, the following: (i) paying sales commissions to any broker, dealer, bank or other institution that sell Shares, and/or paying such persons Advance Service Fee Payments in advance of, and/or greater than, the amount provided for in Section 3(a) of this Agreement; (ii) paying compensation to and expenses of personnel of the Distributor who support distribution of Shares by Recipients; (iii) paying of or reimbursing the Distributor for interest and other borrowing costs on unreimbursed Carry Forward Expenses (as hereafter defined) at the rate paid by the Distributor or, if such amounts are financed by the Distributor from its own resources or by an affiliate, at the rate of 1% per annum above the prime rate (which shall mean the most preferential interest rate on corporate loans at large U.S. money center commercial banks) then being reported in the Eastern edition of

the Wall Street Journal (or if such prime rate is no longer so reported, such other rate as may be designated from time to time by the Distributor with the approval of the Independent Trustees); (iv) other direct distribution costs of the type approved by the Board, including without limitation the costs of sales literature, advertising and prospectuses (other than those furnished to current Shareholders) and state "blue sky" registration expenses; and (v) any service rendered by the Distributor that a Recipient may render pursuant to part (a) of this Section 3. The Distributor's costs of providing the above-mentioned services are hereinafter collectively referred to as "Distribution and Service Costs." "Carry Forward Expenses" are Distribution and Service Costs that are not paid in the fiscal quarter in which they arise because they exceed the Quarterly Limitation. In the event that the Board should have reason to believe that the Distributor may not be rendering appropriate distribution assistance or administrative support services in connection with the sale of Shares, then the Distributor, at the request of the Board, shall provide the Board with a written report or other information to verify that the Distributor is providing appropriate services in this regard.

(d) The excess in any fiscal quarter of (i) the Quarterly Limitation plus any contingent deferred sales charge ("CDSC") payments recovered by the Distributor on the proceeds of redemption of Shares over (ii) Distribution and Service Costs during that quarter, shall be applied in the following order of priority: first to interest on unreimbursed Carry Forward Expenses, second to reduce any unreimbursed Carry Forward Expenses, third to reduce Distribution and Service Costs during that quarter, and fourth, to reduce the Asset Based Sales Charge payments by the Fund to the Distributor in that quarter. Carry Forward Expenses shall be carried forward by the Fund until payment can be made under the Quarterly Limitation.

(e) Under the Plan, payments may be made to Recipients: (i) by Oppenheimer Management Corporation ("OMC") from its own resources (which may include profits derived from the advisory fee it receives from the Fund), or (ii) by the Distributor (a subsidiary of OMC), from its own resources, from Asset Based Sales Charge payments or from its borrowings.

4. Selection and Nomination of Trustees. While this Plan is in effect, the selection and nomination of those persons to be Trustees of the Fund who are not "interested persons" of the Fund ("Disinterested Trustees") shall be committed to the discretion of such Disinterested Trustees. Nothing herein shall prevent the Disinterested Trustees from soliciting the views or the involvement of others in such selection or nomination if the final decision on any such selection and nomination is approved by a majority of the incumbent Disinterested Trustees.

5. Reports. While this Plan is in effect, the Treasurer of the Fund shall provide at least quarterly a written report to the Fund's Board for

its review, detailing distribution expenditures properly attributable to the Shares, including the amount of all payments made pursuant to this Plan, the identity of the Recipient of each such payment, the amount paid to the Distributor and the Distribution and Service Costs and Carry Forward Expenses for that period. The report shall state whether all provisions of Section 3 of this Plan have been complied with. The Distributor shall annually certify to the Board the amount of its total expenses incurred that year and its total expenses incurred in prior years and not previously recovered with respect to the distribution of Shares in conjunction with the Board's annual review of the continuation of the Plan.

6. Related Agreements. Any agreement related to this Plan shall be in writing and shall provide that: (i) such agreement may be terminated at any time, without payment of any penalty, by a vote of a majority of the Independent Trustees or by a vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding voting securities of the Class, on not more than sixty days written notice to any other party to the agreement; (ii) such agreement shall automatically terminate in the event of its assignment (as defined in the 1940 Act); (iii) it shall go into effect when approved by a vote of the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such agreement; and (iv) it shall, unless terminated as herein provided, continue in effect from year to year only so long as such continuance is specifically approved at least annually by a vote of the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance.

7. Effectiveness, Continuation, Termination and Amendment. This Plan has been approved by a vote of the Board and its Independent Trustees cast in person at a meeting called on June 10, 1993 for the purpose of voting on this Plan, and takes effect as of July 1, 1993. Unless terminated as hereinafter provided, it shall continue in effect until December 31, 1993 and from year to year thereafter or as the Board may otherwise determine only so long as such continuance is specifically approved at least annually by a vote of the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance. This Plan may not be amended to increase materially the amount of payments to be made without approval of the Class B Shareholders, in the manner described above, and all material amendments must be approved by a vote of the Board and of the Independent Trustees. This Plan may be terminated at any time by vote of a majority of the Independent Trustees or by the vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding voting securities of the Class. Notwithstanding any such termination, the Distributor shall be entitled to payment from the Fund of all Carry Forward Expenses properly incurred in respect of Shares sold prior to the effective date of such termination, and the Fund shall continue to make payment to the Distributor in the amount the Distributor is entitled to retain under part (c) of Section 3 hereof, until such time as the Distributor has been reimbursed for all such amounts by the Fund and by retaining CDSC payments.

8. Disclaimer of Shareholder Liability. The Distributor understands that the obligations of the Fund under this Plan are not binding upon any Trustee or shareholder of the Fund personally, but bind only the Fund and the Fund's property. The Distributor represents that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming shareholder and Trustee liability for acts or obligations of the Fund.

OPPENHEIMER TAX-FREE BOND FUND

By: /s/ Robert G. Zack

Robert G. Zack, Assistant Secretary

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

By: /s/ Katherine P. Feld

Katherine P. Feld
Vice President & Secretary

OPPENHEIMER ASSET ALLOCATION FUND
OPPENHEIMER CALIFORNIA TAX-EXEMPT FUND
OPPENHEIMER DISCOVERY FUND
OPPENHEIMER GLOBAL BIO-TECH FUND
OPPENHEIMER GLOBAL ENVIRONMENT FUND
OPPENHEIMER GLOBAL FUND
OPPENHEIMER GLOBAL GROWTH & INCOME FUND
OPPENHEIMER GOLD & SPECIAL MINERALS FUND
OPPENHEIMER MONEY MARKET FUND, INC.
OPPENHEIMER MORTGAGE INCOME FUND
OPPENHEIMER MULTI-GOVERNMENT TRUST
OPPENHEIMER MULTI-SECTOR INCOME TRUST
OPPENHEIMER NEW YORK TAX-EXEMPT FUND
OPPENHEIMER FUND
OPPENHEIMER PENNSYLVANIA TAX-EXEMPT FUND
OPPENHEIMER SPECIAL FUND
OPPENHEIMER TARGET FUND
OPPENHEIMER TAX-FREE BOND FUND
OPPENHEIMER TIME FUND
OPPENHEIMER U.S. GOVERNMENT TRUST

CERTIFIED RESOLUTIONS OF THE BOARDS

June 10, 1993

At a meeting of the Boards for the above referenced funds (the "Funds") held on June 10, 1993, the members thereof by unanimous vote of those present adopted and approved the following resolutions:

"RESOLVED, that Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, be, and the same hereby is, appointed the attorney-in-fact and agent of Donald W. Spiro, as President of the Funds, Robert G. Galli, as Secretary of the Funds, and George C. Bowen, as Treasurer of the Funds (Principal Financial and Accounting Officer), with full power of substitution and resubstitution, to sign on the behalf of such officers of each of the Funds any and all Registration Statements (including any post-effective amendments to such Registration Statements) under the Securities Act of 1933 and the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission; and be it further

RESOLVED, that Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, hereby is authorized, empowered and directed, in the name and on behalf of the Funds, to take such additional action and to execute and deliver such additional documents and instruments as any

of them may deem necessary or appropriate to implement the provisions of the foregoing resolution, the authority for the taking of such action and the execution and delivery of such documents and instruments of such documents and instruments to be conclusively evidenced thereby."

In witness whereof, the undersigned has hereunto set his hand this 26th day of July, 1993.

/s/ ROBERT G. ZACK

Robert G. Zack
Assistant Secretary

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ LEON LEVY

Leon Levy

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ DONALD W. SPIRO

Donald W. Spiro

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ LEO CHERNE

Leo Cherne

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ EDMUND T. DELANEY

Edmund T. Delaney

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his

or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ BENJAMIN LIPSTEIN

Benjamin Lipstein

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ KENNETH A. RANDALL

Kenneth A. Randall

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ SIDNEY M. ROBBINS

Sidney M. Robbins

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any

and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ RUSSELL S. REYNOLDS, JR.

Russell S. Reynolds, Jr.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 12th day of June, 1993.

/S/ PAULINE TRIGERE

Pauline Trigere

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ ELIZABETH B. MOYNIHAN

Elizabeth B. Moynihan

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his

or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ CLAYTON YEUTTER

Clayton Yeutter

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as the Treasurer (Principal Financial and Accounting Officer) of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 13th day of July, 1993.

/S/ GEORGE BOWEN

George Bowen

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as the President of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 13th day of July, 1993.

/S/ DONALD W. SPIRO

Donald W. Spiro

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Andrew J. Donohue or Robert G. Zack, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his capacity as the Secretary of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 13th day of July, 1993.

/S/ ROBERT G. GALLI

Robert G. Galli

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned constitutes and appoints Robert G. Galli, Andrew J. Donohue or Robert G. Zack, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her capacities as a trustee of OPPENHEIMER TAX-FREE BOND FUND, a Massachusetts business trust (the "Fund"), to sign on his (her) behalf any and all Registration Statements (including any post-effective amendments to Registration Statements) under the Securities Act of 1933, the Investment Company Act of 1940 and any amendments and supplements thereto, and other documents in connection thereunder, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully as to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all

that said attorneys-in-fact and agents, and each of them, may lawfully do or cause to be done by virtue hereof.

Dated this 10th day of June, 1993.

/S/ EDWARD V. REGAN

Edward V. Regan