

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

DREYFUS GNMA FUND INC

CIK: **762156** | State of Incorporation: **NY** | Fiscal Year End: **0430**
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Business Address
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NEW YORK NY 10166
2129226789

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. 17 [X]

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [X]
Amendment No. 17 [X]

(Check appropriate box or boxes.)

DREYFUS GNMA FUND, INC.
(Exact Name of Registrant as Specified in Charter)

c/o The Dreyfus Corporation
200 Park Avenue, New York, New York 10166
(Address of Principal Executive Offices) (Zip Code)

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

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

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

---- immediately upon filing pursuant to paragraph (b)

---- X on August 1, 1995 pursuant to paragraph (b)

---- 60 days after filing pursuant to paragraph (a)(i)
---- on (date) pursuant to paragraph (a)(i)

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

If appropriate, check the following box:

---- this post-effective amendment designates a new effective date for a previously filed post-effective amendment.

Registrant has registered an indefinite number of shares of its common stock under the Securities Act of 1933 pursuant to Section 24(f) of the Investment Company Act of 1940. Registrant's Rule 24f-2 Notice for the fiscal year ended April 30, 1995 was filed on June 21, 1995.

DREYFUS GNMA FUND, INC.
Cross-Reference Sheet Pursuant to Rule 495(a)

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NOTE: * Omitted since answer is negative or inapplicable.

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NOTE: * Omitted since answer is negative or inapplicable.

PROSPECTUS

AUGUST 1, 1995

DREYFUS GNMA FUND, INC.

DREYFUS GNMA FUND, INC. (THE "FUND") IS AN OPEN-END, DIVERSIFIED, MANAGEMENT INVESTMENT COMPANY, KNOWN AS A MUTUAL FUND. ITS GOAL IS TO PROVIDE YOU WITH AS HIGH A LEVEL OF CURRENT INCOME AS IS CONSISTENT WITH THE PRESERVATION OF CAPITAL BY INVESTING PRINCIPALLY IN INSTRUMENTS ISSUED BY THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.

YOU CAN INVEST, REINVEST OR REDEEM SHARES AT ANY TIME WITHOUT CHARGE OR PENALTY IMPOSED BY THE FUND.

THE FUND PROVIDES FREE REDEMPTION CHECKS, WHICH YOU CAN USE IN AMOUNTS OF \$500 OR MORE FOR CASH OR TO PAY BILLS. YOU CONTINUE TO EARN INCOME ON THE AMOUNT OF THE CHECK UNTIL IT CLEARS. YOU CAN PURCHASE OR REDEEM SHARES BY TELEPHONE USING DREYFUS TELETRANSFER.

THE DREYFUS CORPORATION PROFESSIONALLY MANAGES THE FUND'S PORTFOLIO.

THE FUND BEARS CERTAIN COSTS OF ADVERTISING, ADMINISTRATION AND/OR DISTRIBUTION PURSUANT TO A PLAN ADOPTED IN ACCORDANCE WITH RULE 12B-1 UNDER THE INVESTMENT COMPANY ACT OF 1940.

THIS PROSPECTUS SETS FORTH CONCISELY INFORMATION ABOUT THE FUND THAT YOU SHOULD KNOW BEFORE INVESTING. IT SHOULD BE READ AND RETAINED FOR FUTURE REFERENCE.

THE STATEMENT OF ADDITIONAL INFORMATION, DATED AUGUST 1, 1995, WHICH MAY BE REVISED FROM TIME TO TIME, PROVIDES A FURTHER DISCUSSION OF CERTAIN AREAS IN THIS PROSPECTUS AND OTHER MATTERS WHICH MAY BE OF INTEREST TO SOME INVESTORS. IT HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION AND IS INCORPORATED HEREIN BY REFERENCE. FOR A FREE COPY, WRITE TO THE FUND AT 144 GLENN CURTISS BOULEVARD, UNIONDALE, NEW YORK 11556-0144, OR CALL 1-800-645-6561. WHEN TELEPHONING, ASK FOR OPERATOR 144.

MUTUAL FUND SHARES ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY BANK, AND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER AGENCY. THE NET ASSET VALUE OF FUNDS OF THIS TYPE WILL FLUCTUATE FROM TIME TO TIME.

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

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ANNUAL FUND OPERATING EXPENSES
 (as a percentage of average daily net assets)

<S>	<C>	<C>	<C>	<C>	<C>
Management Fees.....					.60%
12b-1 Fees (distribution and servicing).....					.20%
Other Expenses.....					.17%
Total Fund Operating Expenses.....					.97%
EXAMPLE:	1 YEAR	3 YEARS	5 YEARS	10 YEARS	
You would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) redemption at the end of each time period:					
	\$10	\$31	\$54	\$119	

</TABLE>

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

The purpose of the foregoing table is to assist you in understanding the various costs and expenses borne by the Fund, and therefore indirectly by investors, the payment of which will reduce investors' return on an annual basis. Long-term investors could pay more in 12b-1 fees than the economic equivalent of paying a front-end sales charge. Certain Service Agents (as defined below) may charge their clients direct fees for effecting transactions in Fund shares; such fees are not reflected in the foregoing table. See "Management of the Fund," "How to Buy Fund Shares" and "Service Plan."

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CONDENSED FINANCIAL INFORMATION

The information in the following table has been audited by Ernst & Young LLP, the Fund's independent auditors, whose report thereon appears in the Statement of Additional Information. Further financial data and related notes are included in the Statement of Additional Information, available upon request.

FINANCIAL HIGHLIGHTS

Contained below is per share operating performance data for a share of Common Stock outstanding, total investment return, ratios to average net assets and other supplemental data for each year indicated. This information has been derived from the Fund's financial statements.

<TABLE>
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<S>	Year Ended April 30,									
	1986(1)	1987	1988	1989	1990	1991	1992	1993	1994	1995
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
PER SHARE DATA:										
Net asset value, beginning of year...	\$14.50	\$15.81	\$15.08	\$14.75	\$14.18	\$14.07	\$14.74	\$14.90	\$15.35	\$14.48
INVESTMENT OPERATIONS:										
Investment income_net	1.44	1.38	1.33	1.28	1.29	1.27	1.20	1.10	.99.	.98
Net realized and unrealized gain (loss) on investments.....	1.19	(.69)	(.33)	(.57)	(.10)	.68	.17	.46	(.87)	(.18)
TOTAL FROM INVESTMENT OPERATIONS.....	2.63	.69	1.00	.71	1.19	1.95	1.37	1.56	.12	.80
DISTRIBUTIONS:										
Dividends from investment income-net.....	(1.32)	(1.39)	(1.33)	(1.28)	(1.30)	(1.28)	(1.21)	(1.11)	(.99)	.96

Dividends from net realized gain on investments.....	--	(.03)	--	--	--	--	--	--	--	--
TOTAL DISTRIBUTIONS.	(1.32)	(1.42)	(1.33)	(1.28)	(1.30)	(1.28)	(1.21)	(1.11)	(.99)	(.96)
Net asset value, end of year	\$15.81	\$15.08	\$14.75	\$14.18	\$14.07	\$14.74	\$14.90	\$15.35	\$14.48	\$14.32
Total Investment Return	20.30%(2)	4.48%	7.03%	5.06%	8.56%	14.44%	9.65%	10.80%	.71%	5.81%
Ratios / Supplemental Data:										
Ratio of expenses to average net assets .	.96%(2)	1.01%	1.01%	.99%	.97%	.97%	.95%	.94%	.95%	.97%
Ratio of net investment income to average net assets	10.27%(2)	8.87%	8.98%	8.89%	8.98%	8.81%	8.05%	7.20%	6.54%	6.90%
Decrease reflected in above expense ratios due to undertakings by The Dreyfus Corporation	.05%(2)	--	--	--	--	--	--	--	--	--
Portfolio Turnover Rate	245.31%(3)	256.70%	287.82%	473.01%	272.40%	25.85%	61.00%	155.90%	211.40%	362.70%
Net Assets, end of year (000's omitted).....	\$1,738,979	\$2,397,311	\$1,981,864	\$1,616,280	\$1,496,469	\$1,583,793	\$1,756,776	\$1,857,468	\$1,601,947	\$1,435,873

(1) From May 29, 1985 (commencement of operations) to April 30, 1986.

(2) Annualized.

(3) Not annualized.

</TABLE>

Further information about the Fund's performance is contained in the Fund's annual report, which may be obtained without charge by writing to the address or calling the number set forth on the cover page of this Prospectus.

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DESCRIPTION OF THE FUND

INVESTMENT OBJECTIVE

The Fund's goal is to provide you with as high a level of current income as is consistent with the preservation of capital. The Fund's investment objective cannot be changed without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of the Fund's outstanding voting shares. There can be no assurance that the Fund's investment objective will be achieved.

MANAGEMENT POLICIES

It is a fundamental policy of the Fund that it will invest at least 65% of the value of its net assets (except when maintaining a temporary defensive position) in "GNMA Certificates" (popularly called "Ginnie Maes").

Ginnie Maes are backed by the full faith and credit of the United States. Ginnie Maes are mortgage-backed securities representing part ownership of a pool of mortgage loans which are insured by the Federal Housing Administration or Farmers' Home Administration or guaranteed by the Veterans' Administration. The Fund invests in Ginnie Maes only of the "fully modified pass-through" type which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, a U.S.

Government corporation. The Fund may purchase Ginnie Maes on a forward commitment basis as described under "Investment Considerations and Risks" below.

The Fund may purchase other securities issued or guaranteed by, or exchangeable for securities issued or guaranteed by, the U.S. Government or issued by its agencies or instrumentalities that are backed by the full faith and credit of the U.S. Government, and may enter into repurchase agreements with respect to securities of the type in which the Fund may invest. For temporary defensive purposes, the entire portfolio may be so invested.

Securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities include U.S. Treasury securities, which differ in their interest rates, maturities and times of issuance. Obligations issued or guaranteed by U.S. Government agencies and instrumentalities that are supported by the full faith and credit of the U.S. Treasury include those issued by the United States Maritime Administration. These securities bear fixed, floating or variable rates of interest. Principal and interest may fluctuate based on generally recognized reference rates or the relationship of rates.

Repurchase agreements involve the acquisition by the Fund of a underlying debt instrument, subject to an obligation of the seller to repurchase, and the Fund to resell, the instrument at a fixed price, usually not more than one week after its purchase. Certain costs may be incurred by the Fund in connection with the sale of the securities if the seller does not repurchase them in accordance with the repurchase agreement. In addition, if bankruptcy proceedings are commenced with respect to the seller of the securities, realization on the securities by the Fund may be delayed or

limited.

The Fund may invest up to 15% of the value of its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Fund's investment objective. Such securities may include securities that are not readily marketable, such as certain securities that are subject to legal or contractual restrictions on resale, and repurchase agreements providing for settlement in more than seven day after notice. As to these securities, the Fund is subject to a risk that should the Fund desire to sell them when a ready buyer is not available at a price the Fund deems representative of their value, the value of the Fund's net assets could be adversely affected.

INVESTMENT TECHNIQUES

LEVERAGE THROUGH BORROWING _ The Fund may borrow for investment purposes up to 33-1/3% of the value of its total assets. This borrowing, which is known as leveraging, generally will be unsecured, except to the extent the Fund enters into reverse repurchase agreements described below. Leveraging will exaggerate the effect on net asset value of any increase or decrease in the market value of the Fund's

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portfolio. Money borrowed for leveraging will be subject to interest costs that may or may not be recovered by appreciation of the securities purchased; in certain cases, interest costs may exceed the return received on the securities purchased.

Among the forms of borrowing in which the Fund may engage is the entry into reverse repurchase agreements with banks, brokers or dealers. These transactions involve the transfer by the Fund of an underlying debt instrument in return for cash proceeds based on a percentage of the value of the security. The Fund retains the right to receive interest and principal payments on the security. At an agreed upon future date, the Fund repurchases the security at principal, plus accrued interest.

DOLLAR ROLL TRANSACTIONS _ The Fund may engage in dollar roll transactions, which is a form of secured borrowing. A dollar roll transaction involves a sale by the Fund of a security to a financial institution, such as a bank or broker-dealer, concurrently with an agreement by the Fund to repurchase a similar security from the institution at a later date at an agreed-upon price. The securities that are repurchased will bear the same interest rate as those sold, but generally will be collateralized by different pools of mortgages with different prepayment histories than those sold. Proceeds of the sale will be invested in additional instruments for the Fund, and the income from these investments, together with any additional fee income received on the sale, are expected to generate income for the Fund exceeding the yield on the securities sold. Dollar roll transactions involve the risk that the market value of the securities sold by the Fund may decline below the repurchase price of those securities.

COVERED CALL OPTIONS _ To earn additional income, the Fund may write and sell covered call option contracts on securities it owns to the extent of 20% of the value of its net assets at the time such option contracts are written. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at the exercise price at any time during the option period. During the term of a covered call option sold by the Fund, the Fund may lose the opportunity to sell the underlying security to realize appreciation or to protect against depreciation in its market price.

CERTAIN FUNDAMENTAL POLICIES

The Fund may (i) borrow to the extent permitted under the Investment Company Act of 1940, which currently limits borrowing to no more than 33 1/3% of the value of the Fund's total assets; and (ii) invest up to 25% of its total assets in the securities of issuers in any industry, provided that there shall be no limitation on the purchase of Ginnie Maes and other securities issued, guaranteed or backed by the U.S. Government, as described above. This paragraph describes fundamental policies that cannot be changed without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of the Fund's outstanding voting shares. See "Investment Objective and Management Policies_Investment Restrictions" in the Statement of Additional Information.

INVESTMENT CONSIDERATIONS AND RISKS

The prices of Ginnie Maes are inversely affected by changes in interest rates and, therefore, Ginnie Maes are subject to the risk of market

price fluctuations. Although Ginnie Maes may offer yields which are higher than those available on other types of U.S. Government securities, they may be less effective as a means of "locking in" attractive long-term interest rates. This is a result of the need to reinvest prepayment of principal generally and the possibility of significant unscheduled prepayments resulting from declines in mortgage interest rates. Prepayments and scheduled payments of principal will be reinvested at prevailing interest rates, which may be less than the rate of interest that was payable on the Ginnie Mae in respect of which the principal payment was made. Ginnie Maes have less potential for capital appreciation during periods of declining interest rates than other investments of comparable maturities, and may decline in value at a slower rate during periods of rising interest rates.

Although principal and interest payments on a Ginnie Mae are guaranteed by the Government National Mortgage Association, the market value of a Ginnie Mae, which may fluctuate, is not so secured. If the Fund purchases a Ginnie Mae at a premium, all or part of the premium may be lost if

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there is a decline in the market value of the security whether resulting from changes in interest rates or prepayments in the underlying mortgage collateral. For these and other reasons, a Ginnie Mae's stated maturity may be shortened and, therefore, it is not possible to predict accurately the Ginnie Mae's return to the Fund.

Ginnie Maes purchased by the Fund often are offered on a forward commitment basis, which means that the price is fixed at the time of commitment, but delivery and payment take place a number of days after the date of the commitment to purchase. The Fund will make commitments to purchase such Ginnie Maes only with the intention of actually acquiring the securities, but the Fund may sell these securities before the settlement date if it is deemed advisable. Ginnie Maes purchased on a forward commitment basis and the securities held in the Fund's portfolio are subject to changes in value (both generally changing in the same way, i.e., appreciating when interest rates decline and depreciating when interest rates rise) based upon changes, real or anticipated, in the level of interest rates. Purchasing Ginnie Maes on a forward commitment basis can involve a risk that the yield available in the market when the delivery takes place actually may be higher than that obtained in the transaction itself. The Fund will not accrue income in respect of a Ginnie Mae purchased on a forward commitment basis prior to its stated delivery date. A segregated account of the Fund consisting of cash, cash equivalents or U.S. Government securities or other high quality liquid debt securities at least equal to the amount of the forward commitments will be established and maintained at the Fund's custodian bank. Purchasing Ginnie Maes on a forward commitment basis when the Fund is fully or almost fully invested may result in greater potential fluctuation in the value of the Fund's net assets and its net asset value per share.

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

MANAGEMENT OF THE FUND

The Dreyfus Corporation, located at 200 Park Avenue, New York, New York 10166, was formed in 1947 and serves as the Fund's investment adviser. The Dreyfus Corporation is a wholly-owned subsidiary of Mellon Bank, N.A., which is a wholly-owned subsidiary of Mellon Bank Corporation ("Mellon"). As of June 30, 1995, The Dreyfus Corporation managed or administered more than \$76 billion in assets for approximately 1.8 million investor accounts nationwide.

The Dreyfus Corporation supervises and assists in the overall management of the Fund's affairs under a Management Agreement with the Fund, subject to the overall authority of the Fund's Board of Directors in accordance with Maryland law. Garitt A. Kono is the Fund's primary portfolio manager. He has held that position since December 4, 1992 and has been employed by The Dreyfus Corporation since September 1, 1992. Prior to his joining The Dreyfus Corporation, Mr. Kono was employed by The First Boston Corporation as Vice President-Fixed Income. The Fund's other portfolio managers are identified in the Fund's Statement of Additional Information. The Dreyfus Corporation also provides research services for the Fund as well as for other funds advised by The Dreyfus Corporation through a professional staff of portfolio managers and securities analysts.

Mellon is a publicly owned multibank holding company incorporated under Pennsylvania law in 1971 and registered under the Federal Bank Holding Company Act of 1956, as amended. Mellon provides a comprehensive range of financial products and services in domestic and selected international

markets. Mellon is among the twenty-five largest bank holding companies in the United States based on total assets. Mellon's principal wholly-owned subsidiaries are Mellon Bank, N.A., Mellon Bank (DE) National Association, Mellon Bank (MD), The Boston Company, Inc., AFCO Credit Corporation and

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a number of companies known as Mellon Financial Services Corporations. Through its subsidiaries, including The Dreyfus Corporation, Mellon managed approximately \$200 billion in assets as of March 31, 1995, including approximately \$72 billion in mutual fund assets. As of March 31, 1995, Mellon provided through various subsidiaries, provided non-investment services, such as custodial or administration services, for approximately \$680 billion in assets, including approximately \$67 billion in mutual fund assets.

For the fiscal year ended April 30, 1995, the Fund paid The Dreyfus Corporation a monthly management fee at the annual rate of .60 of 1% of the value of the Fund's average daily net assets. From time to time, The Dreyfus Corporation may waive receipt of its fees and/or voluntarily assume certain expenses of the Fund, which would have the effect of lowering the overall expense ratio of the Fund and increasing yield to investors at the time such amounts are waived or assumed, as the case may be. The Fund will not pay The Dreyfus Corporation at a later time for any amounts it may waive, nor will the Fund reimburse The Dreyfus Corporation for any amounts it may assume.

The Fund bears certain costs of distributing Fund shares in accordance with a plan (the "Service Plan") adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940. See "Annual Fund Operating Expenses" and "Service Plan."

The Dreyfus Corporation may pay the Fund's distributor for shareholder services from The Dreyfus Corporation's own assets, including past profits but not including the management fee paid by the Fund. The Fund's distributor may use part or all of such payments to pay Service Agents in respect of these services.

The Fund's distributor is Premier Mutual Fund Services, Inc. (the "Distributor"), located at One Exchange Place, Boston, Massachusetts 02109. The Distributor is a wholly-owned subsidiary of FDI Distribution Services, Inc., a provider of mutual fund administration services, which in turn is a wholly-owned subsidiary of FDI Holdings, Inc., the parent company of which is Boston Institutional Group, Inc.

The Shareholder Services Group, Inc., a subsidiary of First Data Corporation, P.O. Box 9671, Providence, Rhode Island 02940-9671, is the Fund's Transfer and Dividend Disbursing Agent (the "Transfer Agent"). The Bank of New York, 90 Washington Street, New York, New York 10286, is the Fund's Custodian.

HOW TO BUY FUND SHARES

You can purchase Fund shares directly from the Distributor or certain financial institutions (which may include banks), selected dealers and other industry professionals (collectively, "Service Agents") that have entered into service agreements with the Distributor. Share certificates are issued only upon your written request. No certificates are issued for fractional shares. The Fund reserves the right to reject any purchase order.

The minimum initial investment is \$2,500, or \$1,000 if you are a client of a Service Agent which has made an aggregate minimum initial purchase for its customers of \$2,500. Subsequent investments must be at least \$100. The initial investment must be accompanied by the Fund's Account Application. For full-time or part-time employees of The Dreyfus Corporation or any of its affiliates or subsidiaries, directors of The Dreyfus Corporation, Board members of a fund advised by The Dreyfus Corporation, including members of the Fund's Board, or the spouse or minor child of any of the foregoing, the minimum initial investment is \$1,000. For full-time or part-time employees of The Dreyfus Corporation or any of its affiliates or subsidiaries who elect to have a portion of their pay directly deposited into their Fund account, the minimum initial investment is \$50. The Fund reserves the right to offer Fund shares without regard to minimum purchase requirements to employees participating in certain qualified or non-qualified employee benefit plans or other programs where contributions or account information can be transmitted in a manner and form acceptable to the Fund. The Fund reserves the right to vary further the initial and subsequent investment minimum requirements at any time. Fund shares also are

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offered without regard to the minimum initial investment requirements through Dreyfus-AUTOMATIC-Asset Builder, Dreyfus Government Direct Deposit Privilege or Dreyfus Payroll Savings Plan pursuant to the Dreyfus Step Program described under "Shareholder Services." These services enable you to make regularly scheduled investments and may provide you with a convenient way to invest for long-term financial goals. You should be aware, however, that periodic investment plans do not guarantee a profit and will not protect an investor against loss in a declining market.

You may purchase Fund shares by check or wire, or through the Dreyfus TELETRANSFER Privilege described below. Checks should be made payable to "The Dreyfus Family of Funds," or, if for Dreyfus retirement plan accounts, to "The Dreyfus Trust Company, Custodian." Payments to open new accounts which are mailed should be sent to The Dreyfus Family of Funds, P.O. Box 9387, Providence, Rhode Island 02940-9387, together with your Account Application. For subsequent investments, your Fund account number should appear on the check and an investment slip should be enclosed and sent to The Dreyfus Family of Funds, P.O. Box 105, Newark, New Jersey 07101-0105. For Dreyfus retirement plan accounts, both initial and subsequent investments should be sent to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427. Neither initial nor subsequent investments should be made by third party check. Purchase orders may be delivered in person only to a Dreyfus Financial Center. THESE ORDERS WILL BE FORWARDED TO THE FUND AND WILL BE PROCESSED ONLY UPON RECEIPT THEREBY. For the location of the nearest Dreyfus Financial Center, please call one of the telephone numbers listed under "General Information."

Wire payments may be made if your bank account is in a commercial bank that is a member of the Federal Reserve System or any other bank having a correspondent bank in New York City. Immediately available funds may be transmitted by wire to The Bank of New York, DDA #8900051973/Dreyfus GNMA Fund, Inc., for purchase of Fund shares in your name. The wire must include your Fund account number (for new accounts, your Taxpayer Identification Number ("TIN") should be included instead), account registration and dealer number, if applicable. If your initial purchase of Fund shares is by wire, please call 1-800-645-6561 after completing your wire payment to obtain your Fund account number. Please include your Fund account number on the Fund's Account Application and promptly mail the Account Application to the Fund, as no redemptions will be permitted until the Account Application is received. You may obtain further information about remitting funds in this manner from your bank. All payments should be made in U.S. dollars and, to avoid fees and delays, should be drawn only on U.S. banks. A charge will be imposed if any check used for investment in your account does not clear. The Fund makes available to certain large institutions the ability to issue purchase instructions through compatible computer facilities.

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

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

Fund shares are sold on a continuous basis at the net asset value per share next determined after the Transfer Agent or other agent receives an order in proper form. Net asset value per share is determined as of the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York

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time), on each day the New York Stock Exchange is open for business. Net asset value per share is computed by dividing the value of the Fund's net assets (i.e., the value of its assets less liabilities) by the total number of shares outstanding. The Fund's investments are valued each business day using available market quotations or at fair value as determined by one or more independent pricing services approved by the Board of Directors. Each pricing service's procedures are reviewed under the general supervision of the Board of Directors. For further information regarding the methods employed in valuing the Fund's investments, see "Determination of Net Asset Value" in the Statement of Additional Information.

For certain institutions that have entered into agreements with the Distributor payment for the purchase of Fund shares may be transmitted, and must be received by the Transfer Agent, within three business days after the order is placed. If such payment is not received within three business days after the order is placed, the order may be canceled and the institution could be held liable for resulting fees and/or losses.

Federal regulations require that you provide a certified TIN upon opening or reopening an account. See "Dividends, Distributions and Taxes" and the Fund's Account Application for further information concerning this requirement. Failure to furnish a certified TIN to the Fund could subject you to a \$50 penalty imposed by the Internal Revenue Service (the "IRS").

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

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

SHAREHOLDER SERVICES

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

FUND EXCHANGES- You may purchase, in exchange for shares of the Fund, shares of certain other funds managed or administered by The Dreyfus Corporation, to the extent such shares are offered for sale in your state of residence. These funds have different investment objectives which may be of interest to you. If you desire to use this service, please consult your Service Agent or call 1-800-645-6561 to determine if it is available and whether any conditions are imposed on its use.

To request an exchange, you or your Service Agent acting on your behalf must give exchange instructions to the Transfer Agent in writing or by telephone. Before any exchange, you must obtain and should review a copy of the current prospectus of the fund into which the exchange is being made. Prospectuses may be obtained by calling 1-800-645-6561. Except in the case of Personal Retirement Plans, the shares being exchanged must have a current value of at least \$500; furthermore, when establishing a new account by exchange, the shares being exchanged must have a value of at least the minimum initial investment required for the fund into which the exchange is being made. The ability to issue exchange instructions by telephone is given to all Fund shareholders automatically, unless you check the applicable "No" box on the Account Application, indicating that you specifically refuse this Privilege. The Telephone Exchange Privilege may be established for an existing account by written request, signed by all shareholders on the Account, or by a separate signed Shareholder Services Form, also available by calling 1-800-645-6561. If you have established the Telephone Exchange Privilege, you may telephone

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exchange instructions by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. See "How to Redeem Fund Shares_Procedures." Upon an exchange into a new account, the following shareholder services and privileges, as applicable and where available, will be automatically carried over to the fund into which the exchange is made: Telephone Exchange Privilege, Check Redemption Privilege, Wire Redemption Privilege, Telephone Redemption Privilege, Dreyfus TELETRANSFER Privilege and the dividend/capital gain distribution option (except for Dreyfus Dividend Sweep) selected by the investor.

Shares will be exchanged at the next determined net asset value; however, a sales load may be charged with respect to exchanges into funds sold with a sales load. If you are exchanging into a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load, if the shares of the fund from which you are exchanging were: (a) purchased with a sales load, (b) acquired by a previous exchange from shares purchased with a sales load, or (c) acquired through reinvestment of dividends or distributions paid with respect to the foregoing categories of shares. To qualify, at the time of your exchange you must notify the Transfer Agent or your Service Agent must notify the Distributor. Any such qualification is subject to confirmation of your holdings through a check of appropriate records. See "Shareholder Services" in the Statement of Additional Information. No fees currently are charged shareholders directly in connection with exchanges, although the Fund reserves the right, upon not less than 60 days' written notice, to charge shareholders a nominal fee in accordance with rules promulgated by the

Securities and Exchange Commission. The Fund reserves the right to reject any exchange request in whole or in part. The availability of Fund Exchanges may be modified or terminated at any time upon notice to shareholders.

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

DREYFUS AUTO-EXCHANGE PRIVILEGE _ Dreyfus Auto-Exchange Privilege enables you to invest regularly (on a semi-monthly, monthly, quarterly or annual basis), in exchange for shares of the Fund, in shares of other funds in the Dreyfus Family of Funds of which you are currently an investor. The amount you designate, which can be expressed either in terms of a specific dollar or share amount (\$100 minimum), will be exchanged automatically on the first and/or fifteenth day of the month according to the schedule you have selected. Shares will be exchanged at the then-current net asset value; however, a sales load may be charged with respect to exchanges into funds sold with a sales load. See "Shareholder Services" in the Statement of Additional Information. The right to exercise this Privilege may be modified or cancelled by the Fund or the Transfer Agent. You may modify or cancel your exercise of this Privilege at any time by writing to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. The Fund may charge a service fee for the use of this Privilege. No such fee currently is contemplated. The exchange of shares of one fund for shares of another is treated for Federal income tax purposes as a sale of the shares given in exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss. For more information concerning this Privilege and the funds in the Dreyfus Family of Funds eligible to participate in this Privilege, or to obtain a Dreyfus Auto-Exchange Authorization Form, please call toll free 1-800-645-6561.

DREYFUS-AUTOMATIC ASSET BUILDER Registration Mark - Dreyfus-AUTOMATIC Asset Builder permits you to purchase Fund shares (minimum of \$100 and maximum of \$150,000 per transaction) at regular intervals selected by you. Fund shares are purchased by transferring funds from the bank account designated by you. At your option, the account designated by you will be debited in the specified amount, and Fund shares will be purchased, once a month, on either the first or fifteenth day, or twice a month, on both days. Only an account maintained at a domestic financial institution which is an Automated Clearing House member may be so designated. To establish a Dreyfus-AUTOMATIC Asset Builder account, you must file an authorization form with the Transfer

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Agent. You may obtain the necessary authorization form by calling 1-800-645-6561. You may cancel your participation in this Privilege or change the amount of purchase at any time by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671, or, if for Dreyfus retirement plan accounts, to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427, and the notification will be effective three business days following receipt. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

DREYFUS GOVERNMENT DIRECT DEPOSIT PRIVILEGE - Dreyfus Government Direct Deposit Privilege enables you to purchase Fund shares (minimum of \$100 and maximum of \$50,000 per transaction) by having Federal salary, Social Security, or certain veterans', military or other payments from the Federal government automatically deposited into your Fund account. You may deposit as much of such payments as you elect. To enroll in Dreyfus Government Direct Deposit, you must file with the Transfer Agent a completed Direct Deposit Sign-Up Form for each type of payment that you desire to include in this Privilege. The appropriate form may be obtained by calling 1-800-645-6561. Death or legal incapacity will terminate your participation in this Privilege. You may elect at any time to terminate your participation by notifying in writing the appropriate Federal agency. Further, the Fund may terminate your participation upon 30 days' notice to you.

DREYFUS PAYROLL SAVINGS PLAN _ Dreyfus Payroll Savings Plan permits you to purchase Fund shares (minimum of \$100 per transaction) automatically on a regular basis. Depending upon your employer's direct deposit program, you may have part or all of your paycheck transferred to your existing Dreyfus account electronically through the Automated Clearing House system at each pay period. To establish a Dreyfus Payroll Savings Plan account, you must file an authorization form with your employer's payroll department. Your employer must complete the reverse side of the form and return it to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. You may obtain the necessary authorization form by calling 1-800-645-6561. You may change the amount of purchase or cancel the authorization only by

written notification to your employer. It is the sole responsibility of your employer, not the Distributor, The Dreyfus Corporation, the Fund, the Transfer Agent or any other person, to arrange for transactions under the Dreyfus Payroll Savings Plan. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

DREYFUS STEP PROGRAM - Dreyfus Step Program enables you to purchase Fund shares without regard to the Fund's minimum initial investment requirements through Dreyfus-AUTOMATIC Asset Builder, Dreyfus Government Direct Deposit Privilege or Dreyfus Payroll Savings Plan. To establish a Dreyfus Step Program account, you must supply the necessary information on the Fund's Account Application and file the required authorization form(s) with the Transfer Agent. For more information concerning this Program, or to request the necessary authorization form(s), please call toll free 1-800-782-6620. You may terminate your participation in this Program at any time by discontinuing your participation in Dreyfus-AUTOMATIC Asset Builder, Dreyfus Government Direct Deposit Privilege or Dreyfus Payroll Savings Plan, as the case may be, as provided under the terms of such Privilege(s). The Fund may modify or terminate this Program at any time. Investors who wish to purchase Fund shares through the Dreyfus Step Program in conjunction with a Dreyfus-sponsored retirement plan may do so only for IRAs, SEP-IRAs and IRA "Rollover Accounts."

DREYFUS DIVIDEND OPTIONS - Dreyfus Dividend Sweep enables you to invest automatically dividends or dividends and capital gain distributions, if any, paid by the Fund in shares of another fund in the Dreyfus Family of Funds of which you are a shareholder. Shares of the other fund will be purchased at the then-current net asset value; however, a sales load may be charged with respect to investments in shares of a fund sold with a sales load. If you

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are investing in a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load. If you are investing in a fund that charges a contingent deferred sales charge, the shares purchased will be subject on redemption to the contingent deferred sales charge, if any, applicable to the purchased shares. See "Shareholder Services" in the Statement of Additional Information. Dreyfus Dividend ACH permits you to transfer electronically on the payment date dividends or dividends and capital gain distributions, if any, from the Fund to a designated bank account. Only an account maintained at a domestic financial institution which is an Automated Clearing House member may be so designated. Banks may charge a fee for this service.

For more information concerning these privileges or to request a Dividend Options Form, please call toll free 1-800-645-6561. You may cancel these privileges by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. To select a new fund after cancellation, you must submit a new Dividend Options Form. Enrollment in or cancellation of these privileges is effective three business days following receipt. These privileges are available only for existing accounts and may not be used to open new accounts. Minimum subsequent investments do not apply for Dreyfus Dividend Sweep. The Fund may modify or terminate these privileges at any time or charge a service fee. No such fee currently is contemplated. Shares held under Keogh Plans, IRAs or other retirement plans are not eligible for these privileges.

AUTOMATIC WITHDRAWAL PLAN - The Automatic Withdrawal Plan permits you to request withdrawal of a specified dollar amount (minimum of \$50) on either a monthly or quarterly basis if you have a \$5,000 minimum account. An application for the Automatic Withdrawal Plan can be obtained by calling 1-800-645-6561. There is a service charge of 50cents for each withdrawal check. The Automatic Withdrawal Plan may be ended at any time by you, the Fund or the Transfer Agent. Shares for which certificates have been issued may not be redeemed through the Automatic Withdrawal Plan.

RETIREMENT PLANS - The Fund offers a variety of pension and profit-sharing plans, including Keogh Plans, IRAs, SEP-IRAs and IRA "Rollover Accounts," 401(k) Salary Reduction Plans and 403(b) (7) Plans. Plan support services also are available. You can obtain details on the various plans by calling the following numbers toll free: for Keogh Plans, please call 1-800-358-5566; for IRAs and IRA "Rollover Accounts," please call 1-800-645-6561; for SEP-IRAs, 401(k) Salary Reduction Plans and 403(b) (7) Plans, please call 1-800-322-7880.

HOW TO REDEEM FUND SHARES

GENERAL - You may request redemption of your shares at any time. Redemption requests should be transmitted to the Transfer Agent as described below. When a request is received in proper form, the Fund will redeem the shares at the next determined net asset value.

The Fund imposes no charges when shares are redeemed. Service Agents may charge a nominal fee for effecting redemptions of Fund shares. Any certificates representing Fund shares being redeemed must be submitted with the redemption request. The value of the shares redeemed may be more or less than their original cost, depending upon the Fund's then-current net asset value.

The Fund ordinarily will make payment for all shares redeemed within seven days after receipt by the Transfer Agent of a redemption request in proper form, except as provided by the rules of the Securities and Exchange Commission. HOWEVER, IF YOU HAVE PURCHASED FUND SHARES BY CHECK, BY DREYFUS TELETRANSFER PRIVILEGE OR THROUGH DREYFUS-AUTOMATIC ASSET BUILDER AND SUBSEQUENTLY SUBMIT A WRITTEN REDEMPTION REQUEST TO THE TRANSFER AGENT, THE REDEMPTION PROCEEDS WILL BE TRANSMITTED TO YOU PROMPTLY UPON BANK CLEARANCE OF YOUR PURCHASE CHECK, DREYFUS TELETRANSFER PURCHASE OR DREYFUS-AUTOMATIC ASSET BUILDER ORDER, WHICH MAY TAKE UP TO EIGHT BUSINESS DAYS OR MORE. IN ADDITION, THE FUND WILL NOT HONOR REDEMPTION CHECKS UNDER THE CHECK REDEMPTION PRIVILEGE, AND WILL REJECT REQUESTS TO REDEEM SHARES BY WIRE OR TELEPHONE OR PURSUANT TO THE DREYFUS TELETRANSFER PRIVILEGE, FOR A PERIOD OF EIGHT BUSINESS DAYS

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AFTER RECEIPT BY THE TRANSFER AGENT OF THE PURCHASE CHECK, THE DREYFUS TELETRANSFER PURCHASE OR THE DREYFUS-AUTOMATIC ASSET BUILDER ORDER AGAINST WHICH SUCH REDEMPTION IS REQUESTED. THESE PROCEDURES WILL NOT APPLY IF YOUR SHARES WERE PURCHASED BY WIRE PAYMENT, OR IF YOU OTHERWISE HAVE A SUFFICIENT COLLECTED BALANCE IN YOUR ACCOUNT TO COVER THE REDEMPTION REQUEST. PRIOR TO THE TIME ANY REDEMPTION IS EFFECTIVE, DIVIDENDS ON SUCH SHARES WILL ACCRUE AND BE PAYABLE, AND YOU WILL BE ENTITLED TO EXERCISE ALL OTHER RIGHTS OF BENEFICIAL OWNERSHIP. Fund shares will not be redeemed until the Transfer Agent has received your Account Application.

The Fund reserves the right to redeem your account at its option upon not less than 45 days' written notice if your account's net asset value is \$500 or less and remains so during the notice period.

PROCEDURES - You may redeem shares by using the regular redemption procedure through the Transfer Agent, the Check Redemption Privilege, the Wire Redemption Privilege, the Telephone Redemption Privilege or the Dreyfus TELETRANSFER Privilege. Other redemption procedures may be in effect for clients of certain Service Agents. The Fund makes available to certain large institutions the ability to issue redemption instructions through compatible computer facilities.

You may redeem Fund shares by telephone if you have checked the appropriate box on the Fund's Account Application or have filed a Shareholder Services Form with the Transfer Agent. If you select a telephone redemption privilege or telephone exchange privilege (which is granted automatically unless you refuse it), you authorize the Transfer Agent to act on telephone instructions from any person representing himself or herself to be you, or a representative of your Service Agent, and reasonably believed by the Transfer Agent to be genuine. The Fund will require the Transfer Agent to employ reasonable procedures, such as requiring a form of personal identification, to confirm that instructions are genuine and, if it does not follow such procedures, the Fund or the Transfer Agent may be liable for any losses due to unauthorized or fraudulent instructions. Neither the Fund nor the Transfer Agent will be liable for following telephone instructions reasonably believed to be genuine.

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

REGULAR REDEMPTION - Under the regular redemption procedure, you may redeem shares by written request mailed to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. Redemption requests may be delivered in person only to a Dreyfus Financial Center. THESE REQUESTS WILL BE FORWARDED TO THE FUND AND WILL BE PROCESSED ONLY UPON RECEIPT THEREBY. For the location of the nearest Dreyfus Financial Center, please call one of the telephone numbers listed under "General Information." Redemption requests must be signed by each shareholder, including each owner of a joint account, and each signature must be guaranteed. The Transfer Agent has adopted standards and procedures pursuant to which signature-guarantees in proper form generally will be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program, the Securities

Transfer Agents Medallion Program ("STAMP"), and the Stock Exchanges Medallion Program. If you have any questions with respect to signature-guarantees, please call one of the telephone numbers listed under "General Information."

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

CHECK REDEMPTION PRIVILEGE - You may request on the Account Application, Shareholder Services Form or by later written request that the Fund provide Redemption Checks drawn on the Fund's

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account. Redemption Checks may be made payable to the order of any person in the amount of \$500 or more. Potential fluctuations in the net asset value of the Fund's shares should be considered in determining the amount of the check. Redemption Checks should not be used to close your account. Redemption Checks are free, but the Transfer Agent will impose a fee for stopping payment of a Redemption Check upon your request or if the Transfer Agent cannot honor the Redemption Check due to insufficient funds or other valid reason. You should date your Redemption Checks with the current date when you write them. Please do not postdate your Redemption Checks. If you do, the Transfer Agent will honor, upon presentment, even if presented before the date of the check, all postdated Redemption Checks which are dated within six months of presentment for payment, if they are otherwise in good order. Shares for which certificates have been issued may not be redeemed by Redemption Check. Shares held under Keogh Plans, IRAs or other retirement plans are not eligible for this Privilege. This Privilege may be modified or terminated at any time by the Fund or the Transfer Agent upon notice to shareholders.

WIRE REDEMPTION PRIVILEGE - You may request by wire or telephone that redemption proceeds (minimum \$1,000) be wired to your account at a bank which is a member of the Federal Reserve System, or a correspondent bank if your bank is not a member. To establish the Wire Redemption Privilege, you must check the appropriate box and supply the necessary information on the Fund's Account Application or file a Shareholder Services Form with the Transfer Agent. You may direct that redemption proceeds be paid by check (maximum \$150,000 per day) made out to the owners of record and mailed to your address. Redemption proceeds of less than \$1,000 will be paid automatically by check. Holders of jointly registered Fund or bank accounts may have redemption proceeds of not more than \$250,000 wired within any 30-day period. You may telephone redemption requests by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. The Fund reserves the right to refuse any redemption request, including requests made shortly after a change of address, and may limit the amount involved or the number of such requests. This Privilege may be modified or terminated at any time by the Transfer Agent or the Fund. The Fund's Statement of Additional Information sets forth instructions for transmitting redemption requests by wire. Shares held under Keogh Plans, IRAs or other retirement plans, and shares for which certificates have been issued, are not eligible for this Privilege.

TELEPHONE REDEMPTION PRIVILEGE - You may redeem Fund shares (maximum \$150,000 per day) by telephone if you have checked the appropriate box on the Fund's Account Application or have filed a Shareholder Services Form with the Transfer Agent. The redemption proceeds will be paid by check and mailed to your address. You may telephone redemption instructions by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. The Fund reserves the right to refuse any request made by telephone, including requests made shortly after a change of address, and may limit the amount involved or the number of telephone redemption requests. This Privilege may be modified or terminated at any time by the Transfer Agent or the Fund. Shares held under Keogh Plans, IRAs or other retirement plans, and shares for which certificates have been issued, are not eligible for this Privilege.

DREYFUS TELETRANSFER PRIVILEGE - You may redeem Fund shares (minimum \$500 per day) by telephone if you have checked the appropriate box and supplied the necessary information on the Fund's Account Application or have filed a Shareholder Services Form with the Transfer Agent. The proceeds will be transferred between your Fund account and the bank account designated in one of these documents. Only a bank account maintained in a domestic financial institution which is an Automated Clearing House member may be so designated. Redemption proceeds will be on deposit in your account at an Automated Clearing House member bank ordinarily two days after receipt of the redemption request or, at your request, paid by check (maximum \$150,000 per day) and mailed to your address. Holders of jointly registered Fund or bank accounts may redeem through the Dreyfus TELETRANSFER Privilege for transfer to their bank account not more than \$250,000 within any 30-day period. The

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Fund reserves the right to refuse any request made by telephone, including requests made shortly after a change of address, and may limit the amount involved or the number of such requests. The Fund may modify or terminate this Privilege at any time or charge a service fee upon notice to shareholders. No such fee currently is contemplated.

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

SERVICE PLAN

Under the Service Plan, adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund (a) reimburses the Distributor for payments to certain Service Agents for distributing the Fund's shares and servicing shareholder accounts ("Servicing") and (b) pays The Dreyfus Corporation, Dreyfus Service Corporation, a wholly-owned subsidiary of The Dreyfus Corporation, and any affiliate of either of them (collectively, "Dreyfus") for advertising and marketing relating to the Fund and for Servicing, at an aggregate annual rate of .20 of 1% of the value of the Fund's average daily net assets. Both of the Distributor and Dreyfus may pay one or more Service Agents a fee in respect of the Fund's shares owned by shareholders with whom the Service Agent has a servicing relationship or for whom the Service Agent is the dealer or holder of record. Both of the Distributor and Dreyfus determines the amounts, if any, to be paid to Service Agents under the Service Plan and the basis on which such payments are made. The fees payable under the Service Plan are payable without regard to actual expenses incurred.

The Fund also bears the costs of preparing and printing prospectuses and statements of additional information used for regulatory purposes and for distribution to existing shareholders. Under the Service Plan, the Fund bears (a) the costs of preparing, printing and distributing prospectuses and statements of additional information used for other purposes, and (b) the costs associated with implementing and operating the Service Plan (such as costs of printing and mailing service agreements), the aggregate of such amounts not to exceed in any fiscal year of the Fund the greater of \$100,000 or .005 of 1% of the value of the Fund's average daily net assets for such fiscal year.

DIVIDENDS, DISTRIBUTIONS AND TAXES

The Fund ordinarily declares and pays dividends from its net investment income monthly. Distributions from net realized securities gains, if any, are declared and paid once a year, but the Fund may make distributions on a more frequent basis to comply with distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"), in all events in a manner consistent with the provisions of the Investment Company Act of 1940. The Fund will not make distributions from net realized securities gains unless capital loss carryovers, if any, have been utilized or have expired. You may choose whether to receive dividends and distributions in cash or to reinvest in additional shares at net asset value. All expenses are accrued daily and deducted before declaration of dividends to investors.

Dividends derived from net investment income, together with distributions from net realized short-term securities gains and all or a portion of any gain realized from the sale or other disposition of certain market discount bonds, paid by the Fund will be taxable to U.S. shareholders as ordinary income whether received in cash or reinvested in Fund shares. No dividend paid by the Fund will qualify for the dividends received deduction allowable to certain U.S. corporations. Distributions from net realized long-term securities gains of the Fund generally will be taxable to U.S. shareholders as long-term capital gains for Federal income tax purposes, regardless of how long shareholders have held their Fund shares and whether such distributions are received in cash or reinvested in Fund shares. The Code provides

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that the net capital gain of an individual generally will not be taxed at a rate in excess of 28%. Dividends and distributions may be subject to state and local taxes.

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

Notice as to the tax status of your dividends and distributions will be mailed to you annually. You also will receive periodic summaries of your account which will include information as to dividends and distributions from securities gains, if any, paid during the year.

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

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

Management of the Fund believes that the Fund has qualified for the fiscal year ended April 30, 1995 as a "regulated investment company" under the Code. The Fund intends to continue to so qualify if such qualification is in the best interests of its shareholders. Such qualification relieves the Fund of any liability for Federal income taxes to the extent its earnings are distributed in accordance with applicable provisions of the Code. The Fund is subject to a non-deductible 4% excise tax, measured with respect to certain undistributed amounts of taxable investment income and capital gains.

You should consult your tax adviser regarding specific questions as to Federal, state or local taxes.

PERFORMANCE INFORMATION

For purposes of advertising, performance may be calculated on several bases, including current yield, average annual total return and/or total return.

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

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Average annual total return is calculated pursuant to a standardized formula which assumes that an investment in the Fund was purchased with an initial payment of \$1,000 and that the investment was redeemed at the end of a stated period of time, after giving effect to the reinvestment of dividends and distributions during the period. The return is expressed as a percentage rate which, if applied on a compounded annual basis, would result in the redeemable value of the investment at the end of the period. Advertisements of the Fund's performance will include the Fund's average annual total return for one, five and ten year periods.

Total return is computed on a per share basis and assumes the reinvestment of dividends and distributions. Total return generally is expressed as a percentage rate which is calculated by combining the income and principal changes for a specified period and dividing by the net asset value per share at the beginning of the period. Advertisements may include the percentage rate of total return or may include the value of a hypothetical investment at the end of the period which assumes the application of the percentage rate of total return.

Performance will vary from time to time and past results are not necessarily representative of future results. You should remember that performance is a function of portfolio management in selecting the type and quality of portfolio securities and is affected by operating expenses. Performance information, such as that described above, may not provide a basis for comparison with other investments or other investment companies using a different method of calculating performance.

Comparative performance information may be used from time to time in advertising or marketing the Fund's shares, including data from Lipper Analytical Services, Inc., Morningstar, Inc., Bank Rate Monitortrademark, N. Palm Beach, Fla. 33408, Moody's Bond Survey Bond Index, Lehman Brothers Municipal Bond Index, Salomon Brothers Corporate Bond Rate-of-Return Index, Bond Buyer's 20-Bond Index and mortgage trade and other publications. In addition, data may be used comparing the difference in yields between Ginnie Maes and comparable term Treasury Notes (which are direct obligations of the U.S. Government). Within the securities industry, Ginnie Maes often have an

assumed average life of approximately 12 years due to prepayments of principal on underlying mortgages.

GENERAL INFORMATION

The Fund was incorporated under Maryland law on January 24, 1985, and commenced operations on May 29, 1985. The Fund is authorized to issue 1.1 billion shares of Common Stock, par value \$.01 per share. Each share has one vote.

Unless otherwise required by the Investment Company Act of 1940, ordinarily it will not be necessary for the Fund to hold annual meetings of shareholders. As a result, Fund shareholders may not consider each year the election of Directors or the appointment of auditors. However, pursuant to the Fund's By-Laws, the holders of at least 10% of the shares outstanding and entitled to vote may require the Fund to hold a special meeting of shareholders for purposes of removing a Director from office and the holders of at least 25% of such shares may require the Fund to hold a special meeting of shareholders for any other purpose. Fund shareholders may remove a Director by the affirmative vote of a majority of the Fund's outstanding voting shares. In addition, the Board of Directors will call a meeting of shareholders for the purpose of electing Directors if, at any time, less than a majority of the Directors then holding office have been elected by shareholders.

The Transfer Agent maintains a record of your ownership and sends confirmations and statements of account.

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Shareholder inquiries may be made to your Service Agent or by writing to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or by calling toll free 1-800-645-6561; in New York City, call 1-718-895-1206; outside the U.S. and Canada, call 516-794-5452.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE FUND'S OFFICIAL SALES LITERATURE IN CONNECTION WITH THE OFFER OF THE FUND'S SHARES, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER IN ANY STATE IN WHICH, OR TO ANY PERSON TO WHOM, SUCH OFFERING MAY NOT LAWFULLY BE MADE.

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DREYFUS
GNMA
Fund, Inc.
(Lion Logo)
Prospectus

Registration Mark

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DREYFUS GNMA FUND, INC.
PART B
(STATEMENT OF ADDITIONAL INFORMATION)
AUGUST 1, 1995

This Statement of Additional Information, which is not a prospectus, supplements and should be read in conjunction with the current Prospectus of Dreyfus GNMA Fund, Inc. (the "Fund"), dated August 1, 1995, as it may be revised from time to time. To obtain a copy of the Fund's Prospectus, please write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or call the following numbers:

Call Toll Free 1-800-645-6561
In New York City -- Call 1-718-895-1206
Outside the U.S. and Canada -- Call 516-794-5452

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

Premier Mutual Fund Services, Inc. (the "Distributor") is the

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INVESTMENT OBJECTIVE AND MANAGEMENT POLICIES

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

Ginnie Maes. Ginnie Maes are created by an "issuer," which is a Federal Housing Administration ("FHA") approved mortgagee that also meets criteria imposed by the Government National Mortgage Association ("GNMA"). The issuer assembles a pool of FHA, Farmers' Home Administration or Veterans' Administration ("VA") insured or guaranteed mortgages which are homogeneous as to interest rate, maturity and type of dwelling. Upon application by the issuer, and after approval by GNMA of the pool, GNMA provides its commitment to guarantee timely payment of principal and interest on the Ginnie Maes backed by the mortgages included in the pool. The Ginnie Maes, endorsed by GNMA, then are sold by the issuer through securities dealers.

GNMA is authorized under the National Housing Act to guarantee timely payment of principal and interest on Ginnie Maes. This guarantee is backed by the full faith and credit of the United States. GNMA may borrow U.S. Treasury funds to the extent needed to make payments under its guarantee.

When mortgages in the pool underlying a Ginnie Mae are prepaid by mortgagors or by result of foreclosure, such principal payments are passed through to the certificate holders. Accordingly, the life of the Ginnie Mae is likely to be substantially shorter than the stated maturity of the mortgages in the underlying pool. Because of such variation in prepayment rates, it is not possible to predict the life of a particular Ginnie Mae, but FHA statistics indicate that 25- to 30-year single family dwelling mortgages have an average life of approximately 12 years. The majority of Ginnie Maes are backed by mortgages of this type, and, accordingly, the generally accepted practice treats Ginnie Maes as 30-year securities which prepay fully in the 12th year.

Ginnie Maes bear a stated "coupon rate" which represents the effective FHA-VA mortgage rate at the time of issuance, less 0.5%, which constitutes GNMA's and the issuer's fees. For providing its guarantee, GNMA receives an annual fee of 0.06% of the outstanding principal on certificates backed by single family dwelling mortgages, and the issuer receives an annual fee of 0.44% for assembling the pool and for passing through monthly payments of interest and principal.

Payments to holders of Ginnie Maes consist of the monthly distributions of interest and principal less GNMA's and the issuer's fees. The actual yield to be earned by a holder of a Ginnie Mae is calculated by dividing interest payments by the purchase price paid for the Ginnie Mae (which may be at a premium or a discount from the face value of the certificate).

Monthly distributions of interest, as contrasted to semi-annual distributions which are common for other fixed interest investments, have the effect of compounding and thereby raising the effective annual yield earned on Ginnie Maes. Because of the variation in the life of the pools of mortgages which back various Ginnie Maes, and because it is impossible to anticipate the rate of interest at which future principal payments may be reinvested, the actual yield earned from a portfolio of Ginnie Maes will

differ significantly from the yield estimated by using an assumption of a 12-year life for each Ginnie Mae included in such a portfolio as described above.

Repurchase Agreements. The Fund's custodian or sub-custodian will have custody of, and will hold in a segregated account, securities acquired by the Fund under a repurchase agreement. Repurchase agreements are considered by the staff of the Securities and Exchange Commission to be loans by the Fund. In an attempt to reduce the risk of incurring a loss on a repurchase agreement, the Fund will enter into repurchase agreements only with domestic banks with total assets in excess of one billion dollars or primary government securities dealers reporting to the Federal Reserve Bank of New York, with respect to securities of the type in which the Fund may invest, and will require that additional securities be deposited with it if the value of the securities purchased should decrease below resale price. The Manager will monitor on an ongoing basis the value of the collateral to assure that it always equals or exceeds the repurchase price. The Fund will consider on an ongoing basis the creditworthiness of the institutions with which it enters into repurchase agreements.

Illiquid Securities. If a substantial market of qualified institutional buyers develops pursuant to Rule 144A under the Securities Act of 1933, as amended, for certain of these securities held by the Fund, the Fund intends to treat such securities as liquid securities in accordance with procedures approved by the Fund's Board of Directors. Because it is not possible to predict with assurance how the market for restricted securities pursuant to Rule 144A will develop, the Fund's Board of Trustees has directed the Manager to monitor carefully the Fund's investments in such securities with particular regard to trading activity, availability of reliable price information and other relevant information. To the extent that, for a period of time, qualified institutional buyers cease purchasing restricted securities pursuant to Rule 144A, the Fund's investing in such securities may have the effect of increasing the level of illiquidity in the Fund's portfolio during such period.

Leverage through Borrowing. The Fund may borrow money for investment purposes. The Investment Company Act of 1940, as amended (the "Act"), requires the Fund to maintain continuous asset coverage (that is, total assets including borrowings, less liabilities exclusive of borrowings) of 300% of the amount borrowed. If the 300% asset coverage should decline as a result of market fluctuations or other reasons, the Fund may be required to sell some of its portfolio holdings within three days to reduce debt and restore the 300% asset coverage, even though it may be disadvantageous from an investment standpoint to sell securities at that time. The Fund also may be required to maintain minimum average balances in connection with such borrowing or to pay a commitment or other fee to maintain a line of credit; either of these requirements would increase the cost of borrowing over the stated interest rate. The Fund will maintain in a segregated custodial account cash or U.S. Government securities or other high quality liquid debt securities at least equal to the aggregate amount of its reverse repurchase obligations, plus accrued interest, in certain cases, in accordance with releases promulgated by the Securities and Exchange Commission. The Securities and Exchange Commission views reverse repurchase transactions as collateralized borrowings by the Fund. These agreements, which are treated as if reestablished each day, are expected to provide the Fund with a flexible borrowing tool.

Writing and Purchasing Options. To earn additional income on its portfolio, the Fund, to a limited extent, may write covered call options on securities owned by the Fund ("covered options" or "options") and purchase call options to close option transactions, as described below.

A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at the exercise price at any time during the option period, regardless of the market price of the security. The premium paid to the writer is the consideration for undertaking the obligations under the option contract. When a covered call option is written by the Fund, the Fund will make arrangements with its custodian to segregate the underlying securities until the option either is exercised, expires or the Fund closes out the option as described below. A covered call option sold by the Fund exposes the Fund during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or to possible continued holding of a security which might otherwise have been sold to protect against depreciation in the market price of the security. To limit this exposure, the value of the portfolio securities underlying covered call options written by the Fund will be limited to an amount not in excess of 20% of the value of the Fund's net assets at the time such options are written.

To close out a position, the Fund may make a "closing purchase

transaction," which involves purchasing a call option on the same security with the same exercise price and expiration date as the option which it has previously written on a particular security. The Fund will realize a profit (or loss) from a closing purchase transaction if the amount paid to purchase a call option is less (or more) than the amount received from the sale thereof.

Investment Restrictions. The Fund has adopted investment restrictions numbered 1 through 9 as fundamental policies. Fundamental policies cannot be changed without approval by the holders of a majority (as defined in the Act) of the Fund's outstanding voting shares. Investment restrictions numbered 10 and 11 are not fundamental policies and may be changed by vote of a majority of the Directors at any time. The Fund may not:

1. Purchase common stocks, preferred stocks, warrants or other equity securities, or purchase corporate bonds or debentures, state bonds, municipal bonds or industrial revenue bonds.
2. Borrow money, except to the extent permitted under the Act (which currently limits borrowing to no more than 33-1/3% of the value of the Fund's total assets).
3. Sell securities short or purchase securities on margin or write or purchase put or call options or combinations thereof, except that the Fund may write and sell covered call option contracts on securities owned by the Fund not exceeding 20% of the value of its net assets at the time such option contracts are written. In connection with the writing of covered call options, the Fund may pledge assets to an extent not greater than 20% of the value of its net assets at the time such options are written.
4. Underwrite the securities of other issuers.
5. Purchase or sell real estate, real estate investment trust securities, commodities, or oil and gas interests, provided that the Fund may purchase Ginnie Maes without limitation.
6. Make loans to others, except through the purchase of debt obligations referred to in the Prospectus.
7. Invest more than 25% of its assets in securities of issuers in any industry, provided that there shall be no limitation on the purchase of Ginnie Maes or other securities issued, guaranteed or backed by the U.S. Government, as described in the Prospectus.
8. Invest in companies for the purpose of exercising control.
9. Invest in securities of other investment companies, except as they may be acquired as part of a merger, consolidation or acquisition of assets.
10. Pledge, hypothecate, mortgage or otherwise encumber its assets, except to the extent necessary to secure permitted borrowings.
11. Enter into repurchase agreements providing for settlement in more than seven days after notice or purchase securities which are illiquid if, in the aggregate, more than 15% of the value of the Fund's net assets would be so invested.

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

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

MANAGEMENT OF THE FUND

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

Directors of the Fund

*JOSEPH S. DiMARTINO, Chairman of the Board. Since January 1995, Chairman of the Board for various funds in the Dreyfus Family of Funds. For more than five years prior thereto, he was President, a director and, until August 1994, Chief Operating Officer of the Manager and Executive Vice President and a director of Dreyfus Service Corporation, a wholly-owned subsidiary of the Manager and, until August 24, 1994, the Fund's distributor. From August 1994 to December 31, 1994, he was a director of Mellon Bank Corporation. He is Chairman of the Board of Noel Group, Inc., a venture capital company; a trustee of Bucknell University; and a director of the Muscular Dystrophy Association, HealthPlan Services Corporation, Belding Hemingway Company, Inc., a manufacturer and marketer of industrial threads, specialty yarn, home furnishing and fabrics, and Curtis Industries, Inc., a national distributor of security products, chemicals and automotive and other hardware, Simmons Outdoor Corporation and Staffing Resources, Inc. Mr. DiMartino is also a Board member of 93 other funds in the Dreyfus Family of Funds. He is 51 years old and his address is 200 Park Avenue, New York, New York 10166.

*DAVID W. BURKE, Director. Consultant to the Manager since August 1994. From October 1990 to August 1994, Vice President and Chief Administrative Officer of the Manager. From 1977 to 1990, Mr. Burke was involved in the management of national television news, as Vice President and Executive Vice President of ABC News, and subsequently as President of CBS News. Mr. Burke is also a Board member of 51 other funds in the Dreyfus Family of Funds. He is 59 years old and his address is 200 Park Avenue, New York, New York 10166.

SAMUEL CHASE, Director. Since 1982, President of Samuel Chase & Company, Ltd., an economic consulting firm. From 1983 to 1989, Chairman of Chase, Brown & Blaxall, Inc., an economic consulting firm. Mr. Chase is also a Board member of 13 other funds in the Dreyfus Family of Funds. He is 63 years old and his address is 4410 Massachusetts Avenue, N.W., Suite 408, Washington, D.C. 20016.

GORDON J. DAVIS, Director. Since October 1994, Mr. Davis has been a senior partner with the firm of LeBoeuf, Lamb, Greene & MacRae. From 1983 to September 1994, Mr. Davis was a senior partner with the law firm of Lord Day & Lord, Barrett Smith. He was Commissioner of Parks and Recreation for the City of New York from 1978 to 1983. He is also a director of Consolidated Edison, a utility company, and Phoenix Home Life Insurance Company and a member of various other corporate and not-for-profit boards. Mr. Davis is also a Board member of 24 other funds in the Dreyfus Family of Funds. He is 53 years old and his address is 241 Central Park West, New York, New York 10023.

JONI EVANS, Director. Senior Vice President of the William Morris Agency. From September 1987 to May 1993, Executive Vice President of Random House, Inc., and from January 1991 to May 1993, President and Publisher of Turtle Bay Books; from January 1987 to December 1990, Publisher of Random House Adult Trade Division; and from 1985 to 1987, President of Simon & Schuster-Trade Division. Ms. Evans is also a Board member of 13 other funds in the Dreyfus Family of Funds. She is 53 years old and her address is 1350 Avenue of the Americas, New York, New York 10019.

ARNOLD S. HIATT, Director. Chairman of The Stride Rite Foundation. From 1969 to June 1992, Chairman of the Board, President or Chief Executive Officer of The Stride Rite Corporation, a multi-divisional footwear manufacturing and retailing company. Mr. Hiatt is also a director of the Cabot Corporation. Mr. Hiatt is also a Board member of 13 other funds in the Dreyfus Family of Funds. He is 68 years old and his address is 400 Atlantic Avenue, Boston, Massachusetts 02110.

DAVID J. MAHONEY, Director. President of David Mahoney Ventures since 1983. From 1968 to 1983, he was Chairman and Chief Executive Officer of Norton Simon Inc., a producer of consumer products and services. Mr. Mahoney is also a director of National Health Laboratories, Inc., Bionaire Inc. and Good Samaritan Health Systems, Inc. Mr. Mahoney is also a Board member of 13 other funds in the Dreyfus Family of Funds. He is 72 years old and his address is 745 Fifth Avenue, Suite 700, New York, New York 10151.

BURTON N. WALLACK, Director. President and co-owner of Wallack Management Company, a real estate management company managing real estate in the New York City area. Mr. Wallack is also a Board member of 13 other funds in the Dreyfus Family of Funds. He is 44 years old and his address is 18 East 64th Street, Suite 3D, New York, New York 10031.

For so long as the Fund's plan described in the section captioned "Service Plan" remains in effect, the Directors of the Fund who are not "interested persons" of the Fund, as defined in the Act, will be selected and nominated by the Directors who are not "interested persons" of the Fund.

The Fund typically pays its Directors an annual retainer and a per meeting fee and reimburses them for their expenses. The Chairman of the Board receives an additional 25% of such compensation. The aggregate amount of compensation paid by the Fund to each Director for the fiscal year ended April 30, 1995, and by all other funds in the Dreyfus Family of Funds for which such person is a Board member for the year ended December 31, 1994, were as follows:

<TABLE>
<CAPTION>

(1) Name of Board Member <S>	(2) Aggregate Compensation From Fund* <C>	(3) Pension or Retirement Benefits Accrued as Part of Fund's Expenses <C>	(4) Estimated Annual Benefits Upon Retirement <C>	(5) Total Compensation From Fund and Fund Complex Paid to Board Member <C>
David W. Burke	\$5,353**	none	none	\$27,898
Joseph S. DiMartino	\$8,125**	none	none	\$445,000***
Gordon J. Davis	\$6,500**	none	none	\$29,602
Samuel Chase	\$7,000	none	none	\$46,250
Joni Evans	\$7,000	none	none	\$46,250
Arnold S. Hiatt	\$7,000	none	none	\$42,750
David J. Mahoney	\$6,000	none	none	\$43,000
Burton N. Wallack	\$7,000	none	none	\$46,250

* Amount does not include reimbursed expenses for attending Board meetings, which amounted to \$451 for all Directors as a group.

** Estimated amounts for current fiscal year ending April 30, 1996.

*** Estimated amount for the year ending December 31, 1995.

</TABLE>

Officers of the Fund

MARIE E. CONNOLLY, President and Treasurer. President and Chief Operating Officer of the Distributor and an officer of other investment companies advised or administered by the Manager. From December 1991 to July 1994, she was President and Chief Compliance Officer of Funds Distributor, Inc., the ultimate parent of which is Boston Institutional Group, Inc. Prior to December 1991, she served as Vice President and Controller, and later as Senior Vice President, of The Boston Company Advisors, Inc. She is 37 years old.

JOHN E. PELLETIER, Vice President and Secretary. Senior Vice President and General Counsel of the Distributor and an officer of other investment companies advised or administered by the Manager. From February 1992 to July 1994, he served as Counsel for The Boston Company Advisors, Inc. From August 1990 to February 1992, he was employed as an Associate at Ropes & Gray. He is 30 years old.

ERIC B. FISCHMAN, Vice President and Assistant Secretary. Associate General Counsel of the Distributor and an officer of other investment companies advised or administered by the Manager. From September 1992 to August 1994, he was an attorney with the Board of Governors of the Federal Reserve System. He is 30 years old.

FREDERICK C. DEY, Vice President and Assistant Treasurer. Senior Vice President of the Distributor and an officer of other investment companies advised or administered by the Manager. From 1988 to August 1994, he was manager of the High Performance Fabric Division of Springs Industries Inc. He is 33 years old.

JOSEPH S. TOWER, III, Assistant Treasurer. Senior Vice President, Treasurer and Chief Financial Officer of the Distributor and an officer of other investment companies advised or administered by the Manager. From July 1988 to August 1994, he was employed by The Boston Company, Inc. where he held various management positions in the Corporate Finance and Treasury areas. He is 32 years old.

JOHN J. PYBURN, Assistant Treasurer. Assistant Treasurer of the Distributor and an officer of other investment companies advised or administered by the Manager. From 1984 to July 1994, he was Assistant Vice President in the Mutual Fund Accounting Department of the Manager. He is 59 years old.

PAUL FURCINITO, Assistant Secretary. Assistant Vice President of the Distributor and an officer of other investment companies advised or administered by the Manager. From January 1992 to July 1994, he was a Senior Legal Product Manager, and from January 1990 to January 1992, he was a mutual fund accountant, for The Boston Company Advisors, Inc. He is 28 years old.

RUTH D. LEIBERT, Assistant Secretary. Assistant Vice President of the Distributor and an officer of other investment companies advised or administered by the Manager. From March 1992 to July 1994, she was a Compliance Officer for The Managers Funds, a registered investment company. From March 1990 until September 1991, she was Development Director of The Rockland Center for the Arts. She is 50 years old.

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

Directors and officers of the Fund, as a group, owned less than 1% of the Fund's Common Stock outstanding on June 30, 1995.

MANAGEMENT AGREEMENT

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

The Manager provides management services pursuant to the Management Agreement (the "Agreement") dated April 24, 1994 with the Fund, which is subject to annual approval by (i) the Fund's Board of Directors or (ii) vote of a majority (as defined in the Act) of the outstanding voting securities of the Fund, provided that in either event its continuance also is approved by a majority of the Directors who are not "interested persons" (as defined in the Act) of the Fund or the Manager, by vote cast in person at a meeting called for the purpose of voting on such approval. The Agreement was approved by shareholders on August 2, 1994, and was last approved by the Fund's Board of Directors, including a majority of the Directors who are not "interested persons" of any party to the Agreement, at a meeting held on April 26, 1995. The Agreement is terminable without penalty, on not more than 60 days' notice, by the Fund's Board of Directors or by vote of the holders of a majority of the Fund's shares, or, upon not less than 90 days' notice, by the Manager. The Agreement will terminate automatically in the event of its assignment (as defined in the Act).

The following persons are officers and/or directors of the Manager: Howard Stein, Chairman of the Board and Chief Executive Officer; W. Keith Smith, Vice Chairman of the Board; Robert E. Riley, President, Chief Operating Officer and a director; Stephen E. Canter, Vice Chairman, Chief Investment Officer and a director; Lawrence S. Kash, Vice Chairman-Distribution and a director; Philip L. Toia, Vice Chairman-Operations and Administration; Paul H. Snyder, Vice President-Finance and Chief Financial Officer; Barbara E. Casey, Vice President-Dreyfus Retirement Services; Diane M. Coffey, Vice President-Corporate Communications; Elie M. Genadry, Vice President-Institutional Sales; William F. Glavin, Jr., Vice President-Product Management; Henry D. Gottmann, Vice President-Retail Sales and Service; Mark N. Jacobs, Vice President-Legal and Secretary; Daniel C. Maclean, Vice President and General Counsel; Jeffrey N. Nachman, Vice President-Mutual Fund Accounting; Andrew S. Wasser, Vice President-Information Services; Katherine C. Wickham, Vice President-Human Resources; Elvira Oslapas, Assistant Secretary; Maurice Bendrihem, Controller; and Mandell L. Berman, Frank V. Cahouet, Alvin E. Friedman, Lawrence M. Greene, Julian M. Smerling and David B. Truman, directors.

The Manager manages the Fund's portfolio of investments in accordance with the stated policies of the Fund, subject to the approval of the Fund's Board of Directors. The Manager is responsible for investment decisions and provides the Fund with portfolio managers who are authorized by the Board of Directors to execute purchases and sales of securities. The Fund's portfolio managers are Garitt A. Kono and Gerald E. Thunelius. The Manager also maintains a research department with a professional staff of portfolio managers and securities analysts who provide research services for the Fund as well as for other funds advised by the Manager. All purchases and sales are reported for the Directors' review at the meeting subsequent to such transactions.

All expenses incurred in the operation of the Fund are borne by the Fund, except to the extent specifically assumed by the Manager. The expenses borne by the Fund include: taxes, interest, brokerage fees and commissions, if any, fees of Directors who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of the Manager, Securities and Exchange Commission and state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of independent pricing services, costs of maintaining corporate existence, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of shareholders' reports and corporate meetings, and any extraordinary expenses. The Fund bears certain servicing expenses in accordance with a written plan and also bears certain costs associated with implementing and operating such plan and costs of preparing and printing prospectuses and statements of additional information. See "Service Plan."

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

As compensation for the Manager's services, the Fund has agreed to pay the Manager a monthly management fee at the annual rate of .60 of 1% of the value of the Fund's average daily net assets. The management fees for the fiscal years ended April 30, 1993, 1994 and 1995 amounted to \$11,037,977, \$10,846,802 and \$8,957,493, respectively.

The Manager has agreed that if in any fiscal year the aggregate expenses of the Fund, exclusive of taxes, brokerage fees, interest on borrowings and (with the prior written consent of the necessary state securities commissions) extraordinary expenses, but including the management fee, exceed 1-1/2% of the average value of the net assets of the Fund for the fiscal year, the Fund may deduct from the payment to be made to the Manager under the Agreement, or the Manager will bear, such excess expense. Such deduction or payment, if any, will be estimated, reconciled and effected or paid, as the case may be, on a monthly basis.

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

PURCHASE OF FUND SHARES

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

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

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

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

SERVICE PLAN

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

Rule 12b-1 (the "Rule"), adopted by the Securities and Exchange Commission under the Act, provides, among other things, that an investment company may bear expenses of distributing its shares only pursuant to a plan adopted in accordance with the Rule. The Fund's Board of Directors has adopted such a plan (the "Plan"), pursuant to which the Fund (a) reimburses the Distributor for payments to certain financial institutions (which may include banks), securities dealers and other financial industry professionals (collectively, "Service Agents") for distributing the Fund's shares and servicing shareholder accounts ("Servicing") and (b) pays the Manager, Dreyfus Service Corporation and any affiliates of either of them (collectively, "Dreyfus") for advertising and marketing relating to the Fund and for Servicing. The Fund's Board of Directors believes that there is a reasonable likelihood that the Plan will benefit the Fund and its shareholders. In some states, banks or other financial institutions effecting transactions in Fund shares may be required to register as dealers pursuant to state law.

A quarterly report of the amounts expended under the Plan, and the purposes for which such expenditures were incurred, must be made to the Board of Directors for its review. In addition, the Plan provides that it

may not be amended to increase materially the costs which the Fund may bear for distribution pursuant to the Plan without shareholder approval and that other material amendments of the Plan must be approved by the Board of Directors, and by the Directors who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of the Plan or in the related service agreements, by vote cast in person at a meeting called for the purpose of considering such amendments. The Plan and the related service agreements are subject to annual approval by such vote cast in person at a meeting called for the purpose of voting on the Plan. The Plan was approved by shareholders on August 2, 1994, and was last approved by Directors at a meeting held on April 26, 1995. The Plan is terminable at any time by vote of a majority of the Directors who are not "interested persons" and have no direct or indirect financial interest in the operation of the Plan or in any of the related service agreements or by vote of a majority of the Fund's shares. Any service agreement is terminable without penalty, at any time, by such vote of the Directors or, upon not more than 60 days' written notice to the Service Agent, by vote of the holders of a majority of the Fund's shares, or, upon 15 days' notice, by the Distributor. Each service agreement will terminate automatically in the event of its assignment (as defined in the Act).

Under the Plan, for the period August 24, 1994 (effective date of the Plan) through April 30, 1995, the total amount payable by the Fund was \$2,007,279, of which \$1,996,405 was payable to Dreyfus for advertising and marketing and for servicing shareholder accounts, (\$191,410 was reimbursed to the Distributor for payments made to Service Agents and \$10,874 was payable by the Fund for preparing, printing and distributing prospectuses and statements of additional information and for costs associated with implementing and operating the Plan.

Prior Service Plan. As of August 24, 1994, the Fund terminated its then existing service plan which provided for payments to be made to Dreyfus Service Corporation, the Fund's distributor prior to such date, for advertising, marketing and distributing Fund shares at an annual rate of .20% of the value of the Fund's average daily net assets. For the period May 1, 1994 through August 23, 1994, the total amount charged to the Fund under such plan was \$992,986, of which \$989,432 was charged for advertising, marketing and servicing the Fund's shares (\$101,222 of this amount was paid to Service Agents by the Dreyfus Service Corporation) and \$3,554 was charged for preparing, printing and distributing prospectuses and statements of additional information and operating the plan.

REDEMPTION OF FUND SHARES

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

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

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

Wire Redemption Privilege. By using this Privilege, the investor authorizes the Transfer Agent to act on wire or telephone redemption instructions from any person representing himself or herself to be the investor or a representative of the investor's Service Agent acting on the investor's behalf, and reasonably believed by the Transfer Agent to be genuine. Ordinarily, the Fund will initiate payment for shares redeemed pursuant to this Privilege on the next business day after receipt by the Transfer Agent of a redemption request in proper form. Redemption proceeds will be transferred by Federal Reserve wire only to the commercial bank

account specified by the investor on the Account Application or Shareholder Services Form. Redemption proceeds, if wired, must be in the amount of \$1,000 or more and will be wired to the investor's account at the bank of record designated in the investor's file at the Transfer Agent, if the investor's bank is a member of the Federal Reserve System, or to a correspondent bank if the investor's bank is not a member. Immediate notification by the correspondent bank to the investor's bank is necessary to avoid a delay in crediting the funds to the investor's bank account.

Investors with access to telegraphic equipment may wire redemption requests to the Transfer Agent by employing the following transmittal code which may be used for domestic or overseas transmissions:

Transmittal Code -----	Transfer Agent's Answer Back Sign -----
144295	144295 TSSG PREP

Investors who do not have direct access to telegraphic equipment may have the wire transmitted by contacting a TRT Cables operator at 1-800-654-7171, toll free. Investors should advise the operator that the above transmittal code must be used and should also inform the operator of the Transfer Agent's answer back sign.

To change the commercial bank or account designated to receive redemption proceeds, a written request must be sent to the Transfer Agent. This request must be signed by each shareholder, with each signature guaranteed as described below under "Stock Certificates; Signatures."

Dreyfus TeleTransfer Privilege. Investors should be aware that if they have selected the Dreyfus TeleTransfer Privilege, any request for a wire redemption will be effected as a Dreyfus TeleTransfer transaction through the Automated Clearing House ("ACH") system unless more prompt transmittal specifically is requested. Redemption proceeds will be on deposit in the investor's account at an ACH member bank ordinarily two business days after receipt of the redemption request. See "Purchase of Fund Shares--Dreyfus TeleTransfer Privilege."

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

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

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

SHAREHOLDER SERVICES

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

Fund Exchanges. Shares of other funds purchased by exchange will be purchased on the basis of relative net asset value per share as follows:

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

To accomplish an exchange under item D above, shareholders must notify the Transfer Agent of their prior ownership of the fund shares and their account number.

To request an exchange, an investor, or the investor's Service Agent acting on the investor's behalf, must give exchange instructions to the Transfer Agent in writing or by telephone. The ability to issue exchange instructions by telephone is given to all Fund shareholders automatically, unless the investor checks the applicable "NO" box on the Account Application, indicating that the investor specifically refuses this privilege. By using the Telephone Exchange Privilege, the investor authorizes the Transfer Agent to act on telephonic instructions from any person representing himself or herself to be the investor and reasonably believed by the Transfer Agent to be genuine. Telephone exchanges may be subject to limitations as to the amount involved or the number of telephone exchanges permitted. Shares issued in certificate form are not eligible for telephone exchange.

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

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

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

Shareholder Services Forms and prospectuses of the other funds may be obtained by calling 1-800-645-6561. The Fund reserves the right to reject any exchange request in whole or in part. The Fund Exchanges service or Dreyfus-Auto Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

Automatic Withdrawal Plan. The Automatic Withdrawal Plan permits an investor with a \$5,000 minimum account to request withdrawal of a specified dollar amount (minimum of \$50) on either a monthly or quarterly basis. Withdrawal payments are the proceeds from sales of Fund shares, not the yield on the shares. If withdrawal payments exceed reinvested dividends and distributions, the investor's shares will be reduced and eventually may be depleted. There is a service charge of \$.50 for each withdrawal check. Automatic Withdrawal may be terminated at any time by the investor, the Fund or the Transfer Agent. Shares for which certificates have been issued may not be redeemed through the Automatic Withdrawal Plan.

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

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

Corporate Pension/Profit-Sharing and Personal Retirement Plans. The Fund makes available to corporations a variety of prototype pension and profit-sharing plans including a 401(k) Salary Reduction Plan. In addition, the Fund makes available Keogh Plans, IRAs', including SEP-IRAs and IRA "Rollover Accounts," and 403(b)(7) Plans. Plan support services are also available. Investors can obtain details on the various plans by calling the following numbers toll free: for Keogh Plans, please call 1-800-358-5566; for IRAs and IRA "Rollover Accounts," please call 1-800-645-6561; for SEP-IRAs, 401(k) Salary Reduction Plans and 403(b)(7) Plans, please call 1-800-322-7880.

Investors who wish to purchase Fund shares in conjunction with a Keogh Plan, a 403(b)(7) Plan or an IRA, including a SEP-IRA, may request from the Distributor forms for adoption of such plans.

A fee may be charged by the entity acting as custodian for Keogh Plans, 403(b)(7) Plans or IRAs, payment of which could require the liquidation of shares. All fees charged are described in the appropriate form.

Shares may be purchased in connection with these plans only by direct remittance to the entity which acts as custodian. Purchases for these plans may not be made in advance of receipt of funds.

The minimum initial investment for Corporate Plans, Salary Reduction Plans, 403(b)(7) Plans, and SEP-IRAs, with more than one participant, is

\$2,500, with no minimum on subsequent purchases. The minimum initial investment for Dreyfus-sponsored Keogh Plans, IRAs, SEP-IRAs and 403(b)(7) Plans with only one participant is normally \$750, with no minimum on subsequent purchases. Individuals who open an IRA also may open a non-working spousal IRA with a minimum investment of \$250.

The investor should read the Prototype Retirement Plan and the appropriate form of Custodial Agreement for further details as to eligibility, service fees and tax implications, and should consult a tax adviser.

DETERMINATION OF NET ASSET VALUE

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

Valuation of Portfolio Securities. The Fund's investments are valued each business day using available market quotations or at fair value as determined by one or more independent pricing services (collectively, the "Service") approved by the Board of Directors. The Service may use available market quotations, employ electronic data processing techniques and/or a matrix system to determine valuations. The Service's procedures are reviewed by the Fund's officers under the general supervision of the Board of Directors. Expenses and fees, including the management fee (reduced by the expense limitation, if any) and the fees under the Service Plan, are accrued daily and are taken into account for the purpose of determining the net asset value of Fund shares.

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

DIVIDENDS, DISTRIBUTIONS AND TAXES

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

Management believes that the Fund qualified as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Code"), in fiscal 1995 and the Fund intends to continue to so qualify if such qualification is in the best interests of its shareholders. To qualify as a regulated investment company, the Fund must distribute at least 90% of its net income (consisting of net investment income from taxable obligations and net short-term capital gains) to its shareholders, must derive less than 30% of its annual gross income from gain on the sale of securities held for less than three months, and must meet certain asset diversification and other requirements. Accordingly, the Fund may be restricted in the selling of securities held for less than three months, and in the utilization of certain of the investment techniques described in the Statement of Additional Information under "Investment Objective and Management Policies - Writing and Purchasing Options." The Code, however, allows the Fund to net certain offsetting positions, making it easier for the Fund to satisfy the 30% test. The term "regulated investment company" does not imply the supervision of management or investment practices or policies by any government agency.

Any dividend or distribution paid shortly after a shareholder's purchase may have the effect of reducing the net asset value of his shares below the cost of his investment. Such a distribution would be a return on investment in an economic sense although taxable as stated above. In addition, the Code provides that if a shareholder has not held his shares for more than six months and has received a capital gain dividend with respect to such shares, any loss incurred on the sale of such shares will be treated as long-term capital loss.

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

Under Section 1256 of the Code, any gain or loss the Fund realizes

from covered call options that it writes which are traded on a "qualified board or exchange" will be treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss. Gain or loss will arise upon exercise or lapse of such options as well as from closing purchase transactions. In addition, such options remaining unexercised at the end of the Fund's taxable year will be treated as sold for their then fair market value, resulting in additional gain or loss to the Fund characterized in the manner described above.

The writing of covered call options on securities that the Fund holds may be considered, for tax purposes, to constitute "straddles." "Straddles" are defined to include "offsetting positions" in actively traded personal property. The tax treatment of "straddles" is governed by Section 1092 of the Code, which, in certain circumstances, overrides or modifies the provisions of Section 1256 of the Code. As such, all or a portion of any short or long-term capital gain from certain "straddle" and/or conversion transactions may be recharacterized to ordinary income. If the Fund were treated as entering into "straddles" by reason of engaging in covered call option transactions, such straddles will be characterized as "mixed straddles" if the options comprising a part of such straddles were governed by Section 1256 of the Code. The Fund may make one or more elections with respect to "mixed straddles." Depending on which election is made, to the extent the "straddle" rules apply to positions established by the Fund, losses realized by the Fund will be deferred to the extent of unrealized gain in the offsetting position. Moreover, as a result of the "straddle" and conversion transaction rules, short-term capital loss on "straddle" positions may be recharacterized as long-term capital loss, and long-term capital gain may be treated as short-term capital gain or ordinary income.

PORTFOLIO TRANSACTIONS

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

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

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

PERFORMANCE INFORMATION

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

The Fund's current yield for the 30-day period ended April 30, 1995, was 7.28%. Current yield is computed pursuant to a formula which operates as follows: The amount of the Fund's expenses accrued for the 30-day period (net of reimbursements) is subtracted from the amount of the dividends and interest earned (computed in accordance with regulatory requirements) by the Fund during the period. That result is then divided by the product of: (a) the average daily number of shares outstanding during the period that were entitled to receive dividends and (b) the net asset value per share on the last day of the period less any undistributed earned income per share reasonably expected to be declared as a dividend

shortly thereafter. The quotient is then added to 1, and that sum is raised to the 6th power, after which 1 is subtracted. The current yield is then arrived at by multiplying the result by 2.

The Fund's average annual total return for the 1 and 5 year periods ended April 29, 1995, and for the period May 25, 1985 (commencement of operations) through April 30, 1995, was 5.81%, 8.18% and 8.48% , respectively. Average annual total return is calculated by determining the ending redeemable value of an investment purchased with a hypothetical \$1,000 payment made at the beginning of the period (assuming the reinvestment of dividends and distributions), dividing by the amount of the initial investment, taking the "n"th root of the quotient (where "n" is the number of years in the period) and subtracting 1 from the result.

The Fund's total return for the period May 29, 1985 (commencement of operations) through April 30, 1995 was 124.35%. Total return is calculated by subtracting the amount of the Fund's net asset value per share at the beginning of a stated period from the net asset value per share at the end of the period (after giving effect to the reinvestment of dividends and distributions during the period), and dividing the result by the net asset value per share at the beginning of the period.

From time to time, advertising materials for the Fund may refer to or discuss then- current or past economic conditions, developments and/or events, and actual or proposed tax legislation. From time to time, advertising materials for the Fund also may refer to statistical or other information concerning trends relating to investment companies, as compiled by industry associations such as the Investment Company Institute. From time to time, advertising materials for the Fund also may refer to Morningstar ratings and related analyses supporting the rating.

INFORMATION ABOUT THE FUND

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

Each Fund share has one vote and, when issued and paid for in accordance with the terms of the offering, is fully paid and nonassessable.

Fund shares are of one class and have equal rights as to dividends and in liquidation. Shares have no preemptive, subscription or conversion rights and are freely transferable.

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

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

The Bank of New York, 90 Washington Street, New York, New York 10286, is the Fund's custodian. The Shareholder Services Group, Inc., a subsidiary of First Data Corporation, P.O. Box 9671, Providence, Rhode Island 02940-9671, is the Fund's transfer and dividend disbursing agent. Neither The Bank of New York nor The Shareholder Services Group, Inc. has any part in determining the investment policies of the Fund or which portfolio securities are to be purchased or sold by the Fund.

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

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

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DREYFUS GNMA FUND, INC.
STATEMENT OF INVESTMENTS

APRIL 30, 1995

BONDS AND NOTES-95.6%

	PRINCIPAL AMOUNT	VALUE
<S>	<C>	<C>
MORTGAGE-BACKED CERTIFICATES-87.5%		
Government National Mortgage Association I:		
7%, 11/15/2022-8/15/2024.....	\$ 49,335,629	\$ 46,760,802
7 1/2%, 10/15/2021-2/15/2025.....	243,650,356	238,014,724
8%, 4/15/2017-3/15/2025.....	200,837,578	201,088,625
8 1/2%, 2/15/2006-3/15/2025.....	202,167,398	206,588,799
9%, 7/15/2001-3/15/2025.....	240,572,913	250,941,714
9 1/4%, 10/15/2023.....	7,016,962	7,174,843
9 1/2%, 1/15/2016-11/15/2024.....	81,505,895	85,886,837
10%, 11/15/2009-10/15/2020.....	51,350,349	55,265,813
10 1/2%, 11/15/2012-6/15/2021.....	40,056,028	43,748,393
11%, 7/15/1999-9/15/2019.....	54,670,459	60,478,729
11 1/2%, 3/15/2010-7/15/2019.....	20,966,447	23,410,296
12%, 2/15/2015.....	39,076	43,875

		1,219,403,450

Government National Mortgage Association II:		
9%, 3/20/2016.....	3,302,316	3,398,281
9 1/2%, 2/20/2016-2/20/2025.....	15,534,148	16,213,767
10 1/2%, 7/20/2013-9/20/2018.....	7,085,873	7,615,046
12%, 9/20/2013-12/20/2015.....	1,746,048	1,903,734
13 1/2%, 7/20/2014-6/20/2015.....	1,170,350	1,316,269

		30,447,097

Government National Mortgage Association I, Graduated Payment Mortgage:		
10 1/4%, 7/15/2018-10/15/2018.....	405,332	437,378
10 3/4%, 3/15/2010-4/15/2016.....	1,288,440	1,400,367
11%, 9/15/2010-3/15/2011.....	740,131	804,196
11 1/4%, 7/15/2015-1/15/2016.....	2,338,834	2,552,978
12 1/4%, 2/15/2014-3/15/2015.....	70,169	77,011

		5,271,930

Government National Mortgage Association II, Graduated Payment Mortgage:		
11 1/4%, 4/20/2014-1/20/2016.....	528,454	575,518
11 3/4%, 6/20/2015-1/20/2016.....	349,043	380,565

		956,083

TOTAL MORTGAGE-BACKED CERTIFICATES.....		1,256,078,560
		=====
U.S. TREASURY BONDS-4.5%		
7 5/8%, 2/15/2025.....	63,000,000	65,165,625
		=====
U.S. TREASURY NOTES-3.6%		
7 1/2%, 2/15/2005.....	50,000,000	51,546,900
		=====
TOTAL BONDS		
(cost \$1,345,312,710).....		\$1,372,791,085
		=====
DREYFUS GNMA FUND, INC.		
STATEMENT OF INVESTMENTS (CONTINUED)		
		APRIL 30, 1995
SHORT-TERM INVESTMENT-3.8%		
REPURCHASE AGREEMENT:		
Lanston (Aubrey G.) & Co., Inc., 5.90%		
Dated 4/28/1995, Due 5/1/1995 in the amount of \$54,026,550		
(fully collateralized by \$55,620,000. U.S. Treasury Bills		
due 7/27/1995, value \$54,856,523)		
(cost \$54,000,000).....	\$ 54,000,000	\$ 54,000,000
		=====
TOTAL INVESTMENTS		
(cost \$1,399,312,710).....	99.4%	\$1,426,791,085
		=====
CASH AND RECEIVABLES (NET).....	.6%	\$9,082,353
		=====
NET ASSETS	100.0%	\$1,435,873,438
		=====

</TABLE>

See notes to financial statements.

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DREYFUS GNMA FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES

APRIL 30, 1995

	<C>	<C>
ASSETS:		
<S>		
Investments in securities, at value-Note 1(a,b) (cost \$1,399,312,710)-see statement.....		\$1,426,791,085
Cash.....		1,388,250
Interest receivable.....		10,667,757
Receivable for investment securities sold.....		187,692
Receivable for subscriptions to Common Stock.....		2,663
Prepaid expenses.....		38,810

		1,439,076,257
LIABILITIES:		
Due to The Dreyfus Corporation.....	\$ 913,454	
Due to Distributor.....	30,502	
Payable for investment securities purchased.....	918,414	
Payable for Common Stock redeemed.....	697,564	
Accrued expenses.....	642,885	3,202,819

NET ASSETS		\$1,435,873,438
		=====
REPRESENTED BY:		
Paid-in capital.....		\$1,533,086,475
Accumulated undistributed investment income-net.....		10,935,760
Accumulated net realized (loss) on investments.....		(135,627,172)
Accumulated net unrealized appreciation on investments-Note 3.....		27,478,375

NET ASSETS at value applicable to 100,263,923 shares outstanding (1.1 billion shares of \$.01 par value Common Stock authorized).....		\$1,435,873,438
		=====
NET ASSET VALUE, offering and redemption price per share (\$1,435,873,438 / 100,263,923 shares).....		\$14.32
		=====

</TABLE>

See notes to financial statements.

<TABLE>
<CAPTION>

DREYFUS GNMA FUND, INC.
STATEMENT OF OPERATIONS

YEAR ENDED APRIL 30, 1995

	<C>	<C>
<S>		
INVESTMENT INCOME:		
INTEREST INCOME.....		\$ 117,593,218
EXPENSES:		
Management fee-Note 2(a).....	\$ 8,957,493	
Shareholder servicing costs-Note 2(b).....	4,609,540	
Custodian fees.....	555,572	
Prospectus and shareholders' reports-Note 2(b).....	115,803	
Professional fees.....	90,994	
Directors' fees and expenses-Note 2(c).....	42,595	
Registration fees.....	36,503	
Miscellaneous.....	137,401	

TOTAL EXPENSES.....		14,545,901

INVESTMENT INCOME-NET.....		103,047,317
REALIZED AND UNREALIZED (LOSS) ON INVESTMENTS:		
Net realized (loss) on investments-Note 3.....	\$ (80,789,008)	
Net unrealized appreciation on investments.....	59,067,593	

NET REALIZED AND UNREALIZED (LOSS) ON INVESTMENTS.....		(21,721,415)

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....		\$81,325,902
		=====

</TABLE>

See notes to financial statements.

<TABLE>
<CAPTION>

DREYFUS GNMA FUND, INC.
STATEMENT OF CHANGES IN NET ASSETS

	YEAR ENDED APRIL 30,	
	1994	1995
<S>	<C>	<C>
OPERATIONS:		
Investment income-net.....	\$ 118,163,136	\$ 103,047,317
Net realized (loss) on investments.....	(17,084,575)	(80,789,008)
Net unrealized appreciation (depreciation) on investments for the year..	(83,513,627)	59,067,593
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	17,564,934	81,325,902
NET EQUALIZATION (DEBITS)-NOTE 1(E).....	(705,521)	(782,557)
DIVIDENDS TO SHAREHOLDERS FROM;		
Investment income-net.....	(118,531,793)	(100,907,536)
CAPITAL STOCK TRANSACTIONS:		
Net proceeds from shares sold.....	213,775,561	98,695,554
Dividends reinvested.....	90,441,867	76,473,356
Cost of shares redeemed.....	(458,066,041)	(320,877,856)
(DECREASE) IN NET ASSETS FROM CAPITAL STOCK TRANSACTIONS.....	(153,848,613)	(145,708,946)
TOTAL (DECREASE) IN NET ASSETS.....	(255,520,993)	(166,073,137)
NET ASSETS:		
Beginning of year.....	1,857,467,568	1,601,946,575
End of year (including undistributed investment income-net: \$9,578,536 in 1994 and \$10,935,760 in 1995).....	\$1,601,946,575	\$1,435,873,438
	SHARES	SHARES
CAPITAL SHARE TRANSACTIONS:		
Shares sold.....	14,080,956	6,996,614
Shares issued for dividends reinvested.....	5,964,089	5,428,508
Shares redeemed.....	(30,353,818)	(22,822,022)
NET (DECREASE) IN SHARES OUTSTANDING.....	(10,308,773)	(10,396,900)

</TABLE>

See notes to financial statements.

DREYFUS GNMA FUND, INC.
FINANCIAL HIGHLIGHTS

Reference is made to page 4 of the Prospectus dated August 1, 1995.

DREYFUS GNMA FUND, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1-SIGNIFICANT ACCOUNTING POLICIES:

The Fund is registered under the Investment Company Act of 1940 ("Act") as a diversified open-end management investment company. Dreyfus Service Corporation, until August 24, 1994, acted as the distributor of the Fund's shares, which are sold to the public without a sales load. Dreyfus Service Corporation is a wholly-owned subsidiary of The Dreyfus Corporation ("Manager"). Effective August 24, 1994, the Manager became a direct subsidiary of Mellon Bank, N.A.

On August 24, 1994, Premier Mutual Fund Services, Inc. (the "Distributor") was engaged as the Fund's distributor. The Distributor, located at One Exchange Place, Boston, Massachusetts 02109, is a wholly-owned subsidiary of FDI Distribution Services, Inc., a provider of mutual fund administration services, which in turn is a wholly-owned subsidiary of FDI Holdings, Inc., the parent company of which is Boston Institutional Group, Inc.

(A) PORTFOLIO VALUATION: The Fund's investments (excluding short-term investments) are valued each business day by an independent pricing service ("Service") approved by the Board of Directors. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Short-term investments are carried at amortized cost, which approximates value.

(B) SECURITIES TRANSACTIONS AND INVESTMENT INCOME: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Interest

income (including, where applicable, amortization of discount on short-term investments) is recognized on the accrual basis.

The Fund may enter into repurchase agreements with financial institutions, deemed to be creditworthy by the Fund's Manager, subject to the seller's agreement to repurchase and the Fund's agreement to resell such securities at a mutually agreed upon price. Securities purchased subject to repurchase agreements are deposited with the Fund's custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. If the value of the underlying securities falls below the value of the repurchase price plus accrued interest, the Fund will require the seller to deposit additional collateral by the next business day. If the request for additional collateral is not met, or the seller defaults on its repurchase obligation, the Fund maintains the right to sell the underlying securities at market value and may claim any resulting loss against the seller.

(C) DIVIDENDS TO SHAREHOLDERS: Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared and paid monthly. Dividends from net realized capital gain, if any, are normally declared and paid annually, but the Fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code. To the extent that net realized capital gain can be offset by capital loss carryovers, it is the policy of the Fund not to distribute such gain.

DREYFUS GNMA FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On April 28, 1995, the Board of Directors declared a cash dividend of \$.086 per share from undistributed investment income-net, payable on May 1, 1995 (ex-dividend date) to shareholders of record as of the close of business on April 28, 1995.

(D) FEDERAL INCOME TAXES: It is the policy of the Fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the applicable provisions of the Internal Revenue Code, and to make distributions of taxable income sufficient to relieve it from substantially all Federal income and excise taxes.

The Fund has an unused capital loss carryover of approximately \$102,569,000 available for Federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to April 30, 1995. The carryover does not include net realized securities losses from November 1, 1994 through April 30, 1995 which are treated, for Federal income tax purposes, as arising in fiscal 1996. If not applied, \$3,786,000 of the carryover expires in fiscal 1997, \$34,058,000 expires in fiscal 1998 and \$64,725,000 expires in fiscal 2003.

In connection with the adoption of Statement of Position 93-2 ("Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies"), the Fund has reclassified \$99,142,000 from accumulated net realized loss on investments to paid-in-capital. Results of operations and net assets were not effected by this reclassification.

(E) EQUALIZATION: The Fund follows the accounting practice known as "equalization" by which a portion of the amounts received on issuances and the amounts paid on redemptions of Fund shares (equivalent, on a per share basis, to the amount of distributable investment income-net on the date of the transaction) is allocated to undistributed investment income-net so that undistributed investment income-net per share is unaffected by Fund shares issued or redeemed.

NOTE 2-MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES:

(A) Pursuant to a management agreement ("Agreement") with the Manager, the management fee is computed at the annual rate of .60 of 1% of the average daily value of the Fund's net assets and is payable monthly. The Agreement provides for an expense reimbursement from the Manager should the Fund's aggregate expenses, exclusive of taxes, interest, brokerage and extraordinary expenses, exceed 1-1/2% of the average daily value of the Fund's net assets for any full fiscal year. No expense reimbursement was required for the year ended April 30, 1995.

(B) On August 2, 1994, Fund shareholders approved a revised Service Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Pursuant to the Plan, effective August 24, 1994, the Fund (a) reimburses the Distributor for payments to certain Service Agents for distributing the Fund's shares and servicing shareholder accounts and (b) pays the Manager, Dreyfus Service Corporation or any affiliate (collectively "Dreyfus") for advertising and marketing relating to the Fund and for servicing shareholder accounts, at an aggregate annual rate of .20 of 1% of the value of the Fund's average daily net assets. Each of the Distributor and Dreyfus may pay Service Agents (a securities dealer, financial institution or other industry professional) a fee in respect of the Fund's shares owned by shareholders with whom the Service Agent has a servicing relationship or for whom the Service Agent is the dealer or holder of record. Each of the

DREYFUS GNMA FUND, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Distributor and Dreyfus determine the amounts to be paid to Service Agents to which it will make payments and the basis on which such payments are made. The Plan also separately provides for the Fund to bear the costs of preparing, printing and distributing certain of the Fund's prospectuses and

statements of additional information and costs associated with implementing and operating the Plan, not to exceed the greater of \$100,000 or .005 of 1% of the Fund's average daily net assets for any full fiscal year.

Prior to August 24, 1994, the Fund's Service Plan ("prior Service Plan") provided that the Fund pay Dreyfus Service Corporation at an annual rate of .20 of 1% of the value of the Fund's average daily net assets, for costs and expenses in connection with advertising, marketing and distributing the Fund's shares and for servicing shareholder accounts. Dreyfus Service Corporation made payments to one or more Service Agents based on the value of the Fund's shares owned by clients of the Service Agent. The prior Service Plan also separately provided for the Fund to bear the costs of preparing, printing and distributing certain of the Fund's prospectuses and statements of additional information and costs associated with implementing and operating the Plan, not to exceed the greater of \$100,000 or .005 of 1% of the Fund's average daily net assets for any full fiscal year.

During the year ended April 30, 1995, \$2,007,279 was charged to the Fund pursuant to the Plan and \$992,986 was charged pursuant to the prior Service Plan.

(C) Prior to August 24, 1994, certain officers and directors of the Fund were "affiliated persons," as defined in the Act, of the Manager and/or Dreyfus Service Corporation. Each director who is not an "affiliated person" receives an annual fee of \$4,500 and an attendance fee of \$500 per meeting. The Chairman of the Board receives an additional 25% of such compensation.

NOTE 3-SECURITIES TRANSACTIONS:

The aggregate amount of purchases and sales (including paydowns) of investment securities, excluding short-term securities, during the year ended April 30, 1995, amounted to \$4,938,255,630 and \$4,965,106,267, respectively.

At April 30, 1995, accumulated net unrealized appreciation on investments was \$27,478,375, consisting of \$32,198,737 gross unrealized appreciation and \$4,720,362 gross unrealized depreciation.

At April 30, 1995, the cost of investments for Federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

DREYFUS GNMA FUND, INC.
REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS
SHAREHOLDERS AND BOARD OF DIRECTORS
DREYFUS GNMA FUND, INC.

We have audited the accompanying statement of assets and liabilities of Dreyfus GNMA Fund, Inc., including the statement of investments, as of April 30, 1995, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the years indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 1995 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus GNMA Fund, Inc. at April 30, 1995, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the indicated years, in conformity with generally accepted accounting principles.

(Ernst and Young LLP Signature Logo)

New York, New York
June 6, 1995

DREYFUS GNMA FUND, INC.

PART C. OTHER INFORMATION

Item 24. Financial Statements and Exhibits. - List

(a) Financial Statements:

Included in Part A of the Registration Statement

Condensed Financial Information for the period from May 29, 1985 (commencement of operations) to April 30, 1986 and for each of the nine years in the period ended April 30, 1995.

Included in Part B of the Registration Statement:

Statement of Investments--April 30, 1995.

Statement of Assets and Liabilities--April 30, 1995.

Statement of Operations--year ended April 30, 1995.

Statement of Changes in Net Assets--for each of the years ended April 30, 1994 and 1995.

Notes to Financial Statements.

Report of Ernst & Young LLP, Independent Auditors, dated June 6, 1995.

All Schedules and other financial statement information, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission, are either omitted because they are not required under the related instructions, they are inapplicable, or the required information is presented in the financial statements or notes thereto which are included in Part B of the Registration Statement.

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

- (b) Exhibits:
- (1) Registrant's Articles of Incorporation are incorporated by reference to Exhibit (1)(b) of Post-Effective Amendment No. 15 to the Registration Statement on Form N-1A, filed on June 24, 1994.
 - (2) Registrant's By-Laws.
 - (4) Specimen certificate for the Registrant's securities is incorporated by reference to Exhibit (4) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on May 24, 1985.
 - (5) Management Agreement.
 - (6) Distribution Agreement.
 - (8) Amended and Restated Custody Agreement.
 - (9) Service Plan.

- (10) Opinion and consent of Registrant's counsel is incorporated by reference to Exhibit (10) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on May 20, 1985.
- (11) Consent of Independent Auditors.
- (16) Schedules of Computation of Performance Data is incorporated by reference to Exhibit (16) of Post-Effective Amendment No. 15 to the Registration Statement on Form N-1A filed on June 24, 1994.

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

Other Exhibits

- (a) Powers of Attorney of Joseph S. DiMartino, David W. Burke, Samuel Chase, Gordon J. Davis, Joni Evans, Arnold S. Hiatt, David J. Maloney and Burton N. Wallack, Directors; also for Marie E. Connolly, President and Treasurer of the Fund.
- (b) Certificate of Assistant Secretary.

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

Not Applicable

Item 26. Number of Holders of Securities.

(1) (2)

Title of Class	Number of Record Holders as of June 30, 1995
Common Stock (Par value \$.01)	75,279

Item 27. Indemnification

The Statement as to the general effect of any contract, arrangements or statute under which a director, officer, underwriter or affiliated person of the Registrant is insured or indemnified in any manner against any liability which may be incurred in such capacity, other than insurance provided by any director, officer, affiliated person or underwriter for their own protection, is incorporated by reference to Item 4 of Part II of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on May 24, 1985.

Reference is also made to the Distribution Agreement attached as Exhibit (6) to this Registration Statement.

Item 28. Business and Other Connections of Investment Adviser.

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

subsidiary, provides investment management services to various pension plans, institutions and individuals.

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

Officers and Directors of Investment Adviser

Name and Position with Dreyfus	Other Businesses
MANDELL L. BERMAN Director	Real estate consultant and private investor 29100 Northwestern Highway, Suite 370 Southfield, Michigan 48034; Past Chairman of the Board of Trustees of Skillman Foundation. Member of The Board of Vintners Intl.
FRANK V. CAHOUE Director	Chairman of the Board, President and Chief Executive Officer: Mellon Bank Corporation One Mellon Bank Center Pittsburgh, Pennsylvania 15258; Mellon Bank, N.A. One Mellon Bank Center Pittsburgh, Pennsylvania 15258 Director: Avery Dennison Corporation 150 North Orange Grove Boulevard Pasadena, California 91103; Saint-Gobain Corporation 750 East Swedesford Road Valley Forge, Pennsylvania 19482; Teledyne, Inc. 1901 Avenue of the Stars Los Angeles, California 90067
ALVIN E. FRIEDMAN Director	Senior Adviser to Dillon, Read & Co. Inc. 535 Madison Avenue New York, New York 10022; Director and member of the Executive Committee of Avnet, Inc.**
LAWRENCE M. GREENE Director	Director: Dreyfus America Fund
JULIAN M. SMERLING Director	None
DAVID B. TRUMAN Director	Educational consultant; Past President of the Russell Sage Foundation 230 Park Avenue New York, New York 10017; Past President of Mount Holyoke College South Hadley, Massachusetts 01075;
DAVID B. TRUMAN (cont'd)	Former Director: Student Loan Marketing Association 1055 Thomas Jefferson Street, N.W. Washington, D.C. 20006; Former Trustee: College Retirement Equities Fund 730 Third Avenue New York, New York 10017
HOWARD STEIN Chairman of the Board and Chief Executive Officer Corporation*;	Chairman of the Board: Dreyfus Acquisition Corporation*; The Dreyfus Consumer Credit Dreyfus Management, Inc.*; Dreyfus Service Corporation*; Chairman of the Board and Chief Executive Officer: Major Trading Corporation*; Director: Avnet, Inc.**; Dreyfus America Fund++++; The Dreyfus Fund International Limited+++++; World Balanced Fund+++;

Dreyfus Partnership Management,
Inc.*;
Dreyfus Personal Management, Inc.*;
Dreyfus Precious Metals, Inc.*;
Dreyfus Service Organization, Inc.*;
Seven Six Seven Agency, Inc.*;
Trustee:
Corporate Property Investors
New York, New York;

W. KEITH SMITH
Vice Chairman of the Board

Chairman and Chief Executive Officer:
The Boston Company
One Boston Place
Boston, Massachusetts 02108
Vice Chairman of the Board:
Mellon Bank Corporation
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258;
Mellon Bank, N.A.
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258
Director:
Dentsply International, Inc.
570 West College Avenue
York, Pennsylvania 17405

ROBERT E. RILEY
President, Chief
Operating Officer,
and a Director

Director:
Dreyfus Service Corporation

STEPHEN E. CANTER
Vice Chairman,
Chief Investment Officer
and a Director

None

LAWRENCE S. KASH
Vice Chairman-Distribution
and a Director

Chairman, President and Chief
Executive Officer:
The Boston Company Advisors, Inc.
53 State Street
Exchange Place
Boston, Massachusetts 02109
Executive Vice President and Director:
Dreyfus Service Organization, Inc.*;
Director:
The Dreyfus Consumer Credit
Corporation*;
The Dreyfus Trust Company++'
Dreyfus Service Corporation*;
President:
The Boston Company
One Boston Place
Boston, Massachusetts 02108;
Laurel Capital Advisors
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258;
Boston Group Holdings, Inc.
Executive Vice President
Mellon Bank, N.A.
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258;
Boston Safe Deposit and Trust Company
One Boston Place
Boston, Massachusetts 02108

PHILIP L. TOIA
Vice Chairman-Operations
and Administration

Chairman of the Board and Trust Investment
Officer:
The Dreyfus Trust Company+++;
Chairman of the Board and Chief Executive
Officer:
Major Trading Corporation*;
Director:
The Dreyfus Security Savings Bank
F.S.B.+;
Dreyfus Service Corporation*;
Seven Six Seven Agency, Inc.*;
President and Director:
Dreyfus Acquisition Corporation*;
The Dreyfus Consumer Credit
Corporation*;
Dreyfus-Lincoln, Inc.*;
Dreyfus Management, Inc.*;
Dreyfus Personal Management, Inc.*;
Dreyfus Partnership Management, Inc.+;

Dreyfus Service Organization*;
The Truepenny Corporation*;
Formerly, Senior Vice President:
The Chase Manhattan Bank, N.A. and
The Chase Manhattan Capital Markets
Corporation
One Chase Manhattan Plaza
New York, New York 10081

PAUL H. SNYDER
Vice President-Finance
and Chief Financial
Officer

Director:
Pennsylvania Economy League
Philadelphia, Pennsylvania;
Children's Crisis Treatment Center
Philadelphia, Pennsylvania;
Dreyfus Service Corporation*
Director and Vice President:
Financial Executives Institute,
Philadelphia Chapter
Philadelphia, Pennsylvania

BARBARA E. CASEY
Vice President-
Dreyfus Retirement
Services

President:
Dreyfus Retirement Services Division;
Executive Vice President:
Boston Safe Deposit and Trust Company
One Boston Place
Boston, Massachusetts 02108;

DIANE M. COFFEY
Vice President-
Corporate Communications

None

ELIE M. GENADRY
Vice President-
Dreyfus
Institutional Sales
Service
Dreyfus

President:
Institutional Services Division of
Service Corporation*;
Broker-Dealer Division of Dreyfus
Corporation*;
Group Retirement Plans Division of
Service Corporation;
Executive Vice President:
Dreyfus Service Corporation*;
Dreyfus Service Organization, Inc.*;
Vice President:
The Dreyfus Trust Company++;

HENRY D. GOTTMANN
Vice President-Retail
Sales and Service

Executive Vice President:
Dreyfus Service Corporation*;
Vice President:
Dreyfus Precious Metals*;

DANIEL C. MACLEAN
Vice President and General
Counsel

Director, Vice President and Secretary:
Dreyfus Precious Metals, Inc.*;
Director and Vice President:
The Dreyfus Consumer Credit
Corporation*;
Director and Secretary:
Dreyfus Partnership Management, Inc.*;
Major Trading Corporation*;
The Truepenny Corporation+;
Director:
The Dreyfus Trust Company++;
Secretary:
Seven Six Seven Agency, Inc.*;

JEFFREY N. NACHMAN
Vice President-Mutual Fund
Accounting

None

WILLIAM F. GLAVIN, JR.
Vice President-Corporate
Development

Senior Vice President:
The Boston Company Advisors, Inc.
53 State Street
Exchange Place
Boston, Massachusetts 02109

KATHERINE C. WICKHAM
Vice President-
Human Resources

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

MARK N. JACOBS
Vice President-Fund

Vice President, Secretary and Director:
Lion Management, Inc.*;

Legal and Compliance,
and Secretary

Secretary:
The Dreyfus Consumer Credit
Corporation*;
Dreyfus Management, Inc.*;
Assistant Secretary:
Dreyfus Service Organization, Inc.*;
Major Trading Corporation*;
The Truepenny Corporation*

ANDREW S. WASSER
Vice President-Information
Services

Vice President:
Mellon Bank Corporation
One Mellon Bank Center
Pittsburgh, Pennsylvania 15258

MAURICE BENDRIHEM
Controller

Treasurer:
Dreyfus Partnership Management, Inc.*;
Dreyfus Service Organization, Inc.*;
Seven Six Seven Agency, Inc.*;
The Truepenny Corporation*;
Controller:
Dreyfus Acquisition Corporation*;
The Dreyfus Trust Company**;
The Dreyfus Consumer Credit
Corporation*;
Assistant Treasurer:
Dreyfus Precious Metals*
Formerly, Vice President-Financial Planning,
Administration and Tax:
Showtime/The Movie Channel, Inc.
1633 Broadway
New York, New York 10019

ELVIRA OSLAPAS
Assistant Secretary

Assistant Secretary:
Dreyfus Service Corporation;
Dreyfus Management, Inc.;
Dreyfus Acquisition Corporation, Inc.;
The Truepenny Corporation;

-
- * The address of the business so indicated is 200 Park Avenue, New York, New York 10166.
 - ** The address of the business so indicated is 80 Cutter Mill Road, Great Neck, New York 11021.
 - *** The address of the business so indicated is 45 Broadway, New York, New York 10006.
 - **** The address of the business so indicated is Five Triad Center, Salt Lake City, Utah 84180.
 - + The address of the business so indicated is Atrium Building, 80 Route 4 East, Paramus, New Jersey 07652.
 - ++ The address of the business so indicated is 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144.
 - +++ The address of the business so indicated is One Rockefeller Plaza, New York, New York 10020.
 - ++++ The address of the business so indicated is 2 Boulevard Royal, Luxembourg.
 - +++++ The address of the business so indicated is Nassau, Bahama Islands.

Item 29. Principal Underwriters

(a) Other investment companies for which Registrant's principal underwriter (exclusive distributor) acts as principal underwriter or exclusive distributor:

- 1) Comstock Partners Strategy Fund, Inc.
- 2) Dreyfus A Bonds Plus, Inc.
- 3) Dreyfus Appreciation Fund, Inc.
- 4) Dreyfus Asset Allocation Fund, Inc.
- 5) Dreyfus Balanced Fund, Inc.
- 6) Dreyfus BASIC Money Market Fund, Inc.
- 7) Dreyfus BASIC Municipal Fund, Inc.
- 8) Dreyfus BASIC U.S. Government Money Market Fund
- 9) Dreyfus California Intermediate Municipal Bond Fund
- 10) Dreyfus California Tax Exempt Bond Fund, Inc.
- 11) Dreyfus California Tax Exempt Money Market Fund
- 12) Dreyfus Capital Value Fund, Inc.
- 13) Dreyfus Cash Management
- 14) Dreyfus Cash Management Plus, Inc.
- 15) Dreyfus Connecticut Intermediate Municipal Bond Fund
- 16) Dreyfus Connecticut Municipal Money Market Fund, Inc.
- 17) The Dreyfus Convertible Securities Fund, Inc.

- 18) Dreyfus Edison Electric Index Fund, Inc.
- 19) Dreyfus Florida Intermediate Municipal Bond Fund
- 20) Dreyfus Florida Municipal Money Market Fund
- 21) Dreyfus Focus Funds, Inc.
- 22) The Dreyfus Fund Incorporated
- 23) Dreyfus Global Bond Fund, Inc.
- 24) Dreyfus Global Growth, L.P. (A Strategic Fund)
- 25) Dreyfus Global Investing, Inc.
- 26) Dreyfus GNMA Fund, Inc.
- 27) Dreyfus Government Cash Management
- 28) Dreyfus Growth and Income Fund, Inc.
- 29) Dreyfus Growth Opportunity Fund, Inc.
- 30) Dreyfus Institutional Money Market Fund
- 31) Dreyfus Institutional Short Term Treasury Fund
- 32) Dreyfus Insured Municipal Bond Fund, Inc.
- 33) Dreyfus Intermediate Municipal Bond Fund, Inc.
- 34) Dreyfus International Equity Fund, Inc.
- 35) Dreyfus Investors GNMA Fund
- 36) The Dreyfus/Laurel Funds, Inc.
- 37) The Dreyfus/Laurel Funds Trust
- 38) The Dreyfus/Laurel Tax-Free Municipal Funds
- 39) The Dreyfus/Laurel Investment Series
- 40) The Dreyfus Leverage Fund, Inc.
- 41) Dreyfus Life and Annuity Index Fund, Inc.
- 42) Dreyfus Liquid Assets, Inc.
- 43) Dreyfus Massachusetts Intermediate Municipal Bond Fund
- 44) Dreyfus Massachusetts Municipal Money Market Fund
- 45) Dreyfus Massachusetts Tax Exempt Bond Fund
- 46) Dreyfus Michigan Municipal Money Market Fund, Inc.
- 47) Dreyfus Money Market Instruments, Inc.
- 48) Dreyfus Municipal Bond Fund, Inc.
- 49) Dreyfus Municipal Cash Management Plus
- 50) Dreyfus Municipal Money Market Fund, Inc.
- 51) Dreyfus New Jersey Intermediate Municipal Bond Fund
- 52) Dreyfus New Jersey Municipal Bond Fund, Inc.
- 53) Dreyfus New Jersey Municipal Money Market Fund, Inc.
- 54) Dreyfus New Leaders Fund, Inc.
- 55) Dreyfus New York Insured Tax Exempt Bond Fund
- 56) Dreyfus New York Municipal Cash Management
- 57) Dreyfus New York Tax Exempt Bond Fund, Inc.
- 58) Dreyfus New York Tax Exempt Intermediate Bond Fund
- 59) Dreyfus New York Tax Exempt Money Market Fund
- 60) Dreyfus Ohio Municipal Money Market Fund, Inc.
- 61) Dreyfus 100% U.S. Treasury Intermediate Term Fund
- 62) Dreyfus 100% U.S. Treasury Long Term Fund
- 63) Dreyfus 100% U.S. Treasury Money Market Fund
- 64) Dreyfus 100% U.S. Treasury Short Term Fund
- 65) Dreyfus Pennsylvania Intermediate Municipal Bond Fund
- 66) Dreyfus Pennsylvania Municipal Money Market Fund
- 67) Dreyfus Short-Intermediate Government Fund
- 68) Dreyfus Short-Intermediate Municipal Bond Fund
- 69) Dreyfus Short-Term Income Fund, Inc.
- 70) The Dreyfus Socially Responsible Growth Fund, Inc.
- 71) Dreyfus Strategic Growth, L.P.
- 72) Dreyfus Strategic Income
- 73) Dreyfus Strategic Investing
- 74) Dreyfus Tax Exempt Cash Management
- 75) Dreyfus Treasury Cash Management
- 76) Dreyfus Treasury Prime Cash Management
- 77) Dreyfus Variable Investment Fund
- 78) Dreyfus-Wilshire Target Funds, Inc.
- 79) Dreyfus Worldwide Dollar Money Market Fund, Inc.
- 80) General California Municipal Bond Fund, Inc.
- 81) General California Municipal Money Market Fund
- 82) General Government Securities Money Market Fund, Inc.
- 83) General Money Market Fund, Inc.
- 84) General Municipal Bond Fund, Inc.
- 85) General Municipal Money Market Fund, Inc.
- 86) General New York Municipal Bond Fund, Inc.
- 87) General New York Municipal Money Market Fund
- 88) Pacifica Funds Trust -
 - Pacific American Money Market Portfolio
 - Pacific American U.S. Treasury Portfolio
- 89) Peoples Index Fund, Inc.
- 90) Peoples S&P MidCap Index Fund, Inc.
- 91) Premier Insured Municipal Bond Fund
- 92) Premier California Municipal Bond Fund
- 93) Premier GNMA Fund
- 94) Premier Growth Fund, Inc.
- 95) Premier Municipal Bond Fund
- 96) Premier New York Municipal Bond Fund
- 97) Premier State Municipal Bond Fund

(b)

Name and principal business address	Positions and offices with the Distributor	Positions and offices with Registrant
Marie E. Connolly+	Director, President, Chief Operating Officer and Compliance Officer	President and Treasurer
Joseph F. Tower, III+	Senior Vice President, Treasurer and Chief Financial Officer	Assistant Treasurer
John E. Pelletier+	Senior Vice President, General Counsel, Secretary and Clerk	Vice President and Secretary
Frederick C. Dey++	Senior Vice President	Vice President and Assistant Treasurer
Eric B. Fischman++	Vice President and Associate General Counsel	Vice President and Assistant Secretary
Lynn H. Johnson+	Vice President	None
Ruth D. Leibert++	Assistant Vice President	Assistant Secretary
Paul D. Furcinito++	Assistant Vice President	Assistant Secretary
Paul Prescott+	Assistant Vice President	None
Leslie M. Gaynor+	Assistant Treasurer	None
Mary Nelson+	Assistant Treasurer	None
John J. Pyburn++	Assistant Treasurer	Assistant Treasurer
Jean M. O'Leary+	Assistant Secretary and Assistant Clerk	None
John W. Gomez+	Director	None
William J. Nutt+	Director	None

+ Principal business address is One Exchange Place, Boston, Massachusetts 02109.
 ++ Principal business address is 200 Park Avenue, New York, New York 10166.

Item 30. Location of Accounts and Records

1. The Shareholder Services Group, Inc.,
 a subsidiary of First Data Corporation
 P.O. Box 9671
 Providence, Rhode Island 02940-9671
2. The Bank of New York
 90 Washington Street
 New York, New York 10286
3. The Dreyfus Corporation
 200 Park Avenue
 New York, New York 10166

Item 31. Management Services

Not Applicable

Item 32. Undertakings

- (1) To call a meeting of shareholders for the purpose of voting upon the question of removal of a director or directors when requested in writing to do so by the holders of at least 10% of the Registrant's outstanding shares of common stock and in

connection with such meeting to comply with the provisions of Section 16(c) of the Investment Company Act of 1940 relating to shareholder communications.

- (2) To furnish each person to whom a prospectus is delivered with a copy of the Fund's latest Annual Report to Shareholders, upon request and without charge.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Amendment to the Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, and State of New York on the 11th day of July, 1995.

DREYFUS GNMA FUND, INC.

BY: /s/Marie E. Connolly*

MARIE E. CONNOLLY, PRESIDENT

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

Signatures	Title	Date
_____ /s/Marie E. Connolly* _____ Marie E. Connolly	President and Treasurer (Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)	7/11/95
_____ /s/Samuel Chase* _____ Samuel Chase	Director	7/11/95
_____ /s/Gordon J. Davis* _____ Gordon J. Davis	Director	7/11/95
_____ /s/Joseph S. DiMartino* _____ Joseph S. DiMartino	Director	7/11/95
_____ /s/Joni Evans* _____ Joni Evans	Director	7/11/95
_____ /s/Arnold S. Hiatt* _____ Arnold S. Hiatt	Director	7/11/95
_____ /s/David J. Mahoney* _____ David J. Mahoney	Director	7/11/95
_____ /s/Burton Wallack* _____ Burton Wallack	Director	7/11/95

*BY: /s/Eric B. Fischman

Eric B. Fischman,
Attorney-in-Fact

EXHIBIT INDEX

Exhibit No.	
24(b) (2)	Registrant's By-Laws
24(b) (5)	Management Agreement
24(b) (6) (a)	Distribution Agreement
24(b) (8) (a)	Amended and Restated Custody Agreement
24(b) (9)	Service Plan
24(b) (11)	Consent of Ernst & Young LLP
Other	Powers of Attorney
	Certificate of Assistant Secretary

BY-LAWS
OF
DREYFUS GNMA FUND, INC.
(A Maryland Corporation)

ARTICLE I
STOCKHOLDERS

1. CERTIFICATES REPRESENTING STOCK. Certificates representing shares of stock shall set forth thereon the statements prescribed by Section 2-211 of the Maryland General Corporation Law ("General Corporation Law") and by any other applicable provision of law and shall be signed by the President or a Vice President and countersigned by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and may be sealed with the corporate seal. The signatures of any such officers may be either manual or facsimile signatures and the corporate seal may be either facsimile or any other form of seal. In case any such officer who has signed manually or by facsimile any such certificate ceases to be such officer before the certificate is issued, it nevertheless may be issued by the corporation with the same effect as if the officer had not ceased to be such officer as of the date of its issue.

No certificate representing shares of stock shall be issued for any share of stock until such share is fully paid, except as otherwise authorized in Section 2-207 of the General Corporation Law.

The corporation may issue a new certificate of stock in place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Board of Directors may require, in its discretion, the owner of any such

certificate or his legal representative to give bond, with sufficient surety, to the corporation to indemnify it against any loss or claim that may arise by reason of the issuance of a new certificate.

2. SHARE TRANSFERS. Upon compliance with provisions restricting the transferability of shares of stock, if any, transfers of shares of stock of the corporation shall be made only on the stock transfer books of the corporation by the record holder thereof or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation or with a transfer agent or a registrar, if any, and on surrender of the certificate or certificates for such shares of stock properly endorsed and the payment of all taxes due thereon.

3. RECORD DATE FOR STOCKHOLDERS. The Board of Directors may fix, in advance, a date as the record date for the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of stockholders, or stockholders entitled to receive payment of any dividend or the allotment of any rights or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall be not more than 90 days, and in case of a meeting of stockholders not less than 10 days, prior to the date on which the meeting or particular action requiring such determination of stockholders is to be held or taken. In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of, or to vote at, a meeting of stockholders, such books shall be closed for at least 10 days immediately pre-ceding such meeting. If no record date is fixed and the stock transfer books are not closed for the determination of stock-holders: (1) The record date for the determination of stock-holders entitled to notice of, or to vote at, a meeting of stock-holders shall be at the close of business on the day on which the notice of meeting is mailed or the day 30 days before the meeting, whichever is the closer date to the meeting; and (2) The record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any rights shall be at the close of business on the day on which the resolution of the Board of Directors declaring the dividend or allotment of rights is adopted, provided that the payment or allotment date shall not be more than 60 days after the date on which the resolution is adopted.

4. MEANING OF CERTAIN TERMS. As used herein in respect of the right to notice of a meeting of stockholders or a waiver thereof or to participate or vote thereat or to consent or dissent in writing in lieu of a meeting, as the case may be,

the term "share of stock" or "shares of stock" or "stockholder" or "stock-holders" refers to an outstanding share or shares of stock and to a holder or holders of record of outstanding shares of stock when the corporation is authorized to issue only one class of shares of stock and said reference also is intended to include any outstanding share or shares of stock and any holder or holders of record of outstanding shares of stock of any class or series upon which or upon whom the Charter confers such rights where there are two or more classes or series of shares or upon which or upon whom the General Corporation Law confers such rights notwithstanding that the Charter may provide for more than one class or series of shares of stock, one or more of which are limited or denied such rights thereunder.

5. STOCKHOLDER MEETINGS.

- ANNUAL MEETINGS. If a meeting of the stockholders of the corporation is required by the Investment Company Act of 1940, as amended, to elect the directors, then there shall be submitted to the stockholders at such meeting the question of the election of directors, and a meeting called for that purpose shall be designated the annual meeting of stockholders for that year. In other years in which no action by stockholders is required for the aforesaid election of directors, no annual meeting need be held.

- SPECIAL MEETINGS. Special stockholder meetings for any purpose may be called by the Board of Directors or the President and shall be called by the Secretary for the purpose of removing a Director whenever the holders of shares entitled to at least ten percent of all the votes entitled to be cast at such meeting shall make a duly authorized request that such meeting be called.

The Secretary shall call a special meeting of stockholders for all other purposes whenever the holders of shares entitled to at least twenty-five percent of all the votes entitled to be cast at such meeting shall make a duly authorized request that such meeting be called. Such request shall state the purpose of such meeting and the matters proposed to be acted on thereat, and no other business shall be transacted at any such special meeting. The Secretary shall inform such stockholders of the reasonably estimated costs of preparing and mailing the notice of the meeting, and upon payment to the corporation of such costs, the Secretary shall give notice in the manner provided for below. Notwithstanding the foregoing, unless requested by stockholders entitled to cast a majority of the votes entitled to be cast at the meeting, a special meeting of the stockholders need not be called at the request of stockholders to consider any matter that is substantially the same as a matter voted on at any special meeting of the

stockholders held during the preceding twelve (12) months.

- PLACE AND TIME. Stockholder meetings shall be held at such place, either within the State of Maryland or at such other place within the United States, and at such date or dates as the directors from time to time may fix.

- NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER OF NOTICE. Written or printed notice of all meetings shall be given by the Secretary and shall state the time and place of the meeting. The notice of a meeting shall state in all instances the purpose or purposes for which the meeting is called. Written or printed notice of any meeting shall be given to each stockholder either by mail or by presenting it to him personally or by leaving it at his residence or usual place of business not less than ten days and not more than ninety days before the date of the meeting, unless any provisions of the General Corporation Law shall prescribe a different elapsed period of time, to each stockholder at his address appearing on the books of the corporation or the address supplied by him for the purpose of notice. If mailed, notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post office address as it appears on the records of the corporation with postage thereon prepaid. Whenever any notice of the time, place or purpose of any meeting of stockholders is required to be given under the provisions of these by-laws or of the General Corporation Law, a waiver thereof in writing, signed by the stockholder and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance or representation at the meeting shall be deemed equivalent to the giving of such notice to such stockholder. The foregoing requirements of notice also shall apply, whenever the corporation shall have any class of stock which is not entitled to vote, to holders of stock who are not entitled to vote at the meeting, but who are entitled to notice thereof and to dissent from any action taken thereat.

- STATEMENT OF AFFAIRS. The President of the corporation or, if the Board of Directors shall determine otherwise, some other executive officer thereof, shall prepare or cause to be prepared annually a full and correct statement of the affairs of the corporation, including a balance sheet and a financial statement of operations for the preceding fiscal year, which shall be filed at the principal office of the corporation in the State of Maryland.

- CONDUCT OF MEETING. Meetings of the stockholders shall be presided over by one of the following officers in the order of seniority and if present and acting: the President, the Chairman of the Board, a Vice President or, if none of the

foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary of the corporation or, in his absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present the chairman of the meeting shall appoint a secretary of the meeting.

- PROXY REPRESENTATION. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether for the purposes of determining his presence at a meeting, or whether by waiving notice of any meeting, voting or participating at a meeting, expressing consent or dissent without a meeting or otherwise. Every proxy shall be executed in writing by the stockholder or by his duly authorized attorney-in-fact and filed with the Secretary of the corporation. No unrevoked proxy shall be valid after eleven months from the date of its execution, unless a longer time is expressly provided therein.

- INSPECTORS OF ELECTION. The directors, in advance of any meeting, may, but need not, appoint one or more inspectors to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting or any stockholder, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them.

- VOTING. Each share of stock shall entitle the holder thereof to one vote, except in the election of directors, at which each said vote may be cast for as many persons as there are directors to be elected. Except for election of directors,

a majority of the votes cast at a meeting of stockholders, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may come before a meeting, unless more than a majority of votes cast is required by the corporation's Articles of Incorporation. A plurality of all the votes cast at a meeting at which a quorum is present shall be sufficient to elect a director.

6. INFORMAL ACTION. Any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting if a consent in writing, setting forth such action, is signed by all the stockholders entitled to vote on the subject matter thereof and any other stockholders entitled to notice of a meeting of stockholders (but not to vote thereat) have waived in writing any rights which they may have to dissent from such action and such consent and waiver are filed with the records of the corporation.

ARTICLE II

BOARD OF DIRECTORS

1. FUNCTIONS AND DEFINITION. The business and affairs of the corporation shall be managed under the direction of a Board of Directors. The use of the phrase "entire board" herein refers to the total number of directors which the corporation would have if there were no vacancies.

2. QUALIFICATIONS AND NUMBER. Each director shall be a natural person of full age. A director need not be a stockholder, a citizen of the United States or a resident of the State of Maryland. The initial Board of Directors shall consist of two persons. Thereafter, the number of directors constituting the entire board shall never be less than three or the number of stockholders, whichever is less. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may increase or decrease the number of directors, provided that the number thereof shall never be less than three or the number of stockholders, whichever is less, nor more than eleven and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

3. ELECTION AND TERM. The first Board of Directors shall consist of the directors named in the Articles of Incorporation and shall hold office until the first meeting of stockholders or until their successors have been elected and qualified. Thereafter, directors who are elected at a meeting of stockholders, and directors who are elected in the interim to

fill vacancies and newly created directorships, shall hold office until their successors have been elected and qualified. Newly created directorships and any vacancies in the Board of Directors, other than vacancies resulting from the removal of directors by the stockholders, may be filled by the Board of Directors, subject to the provisions of the Investment Company Act of 1940. Newly created directorships filled by the Board of Directors shall be by action of a majority of the entire Board of Directors. All other vacancies to be filled by the Board of Directors may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum thereof.

4. MEETINGS.

- TIME. Meetings shall be held at such time as the Board shall fix, except that the first meeting of a newly elected Board shall be held as soon after its election as the directors conveniently may assemble.

- PLACE. Meetings shall be held at such place within or without the State of Maryland as shall be fixed by the Board.

- CALL. No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by or at the direction of the President or of a majority of the directors in office.

- NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER. Whenever any notice of the time, place or purpose of any meeting of directors or any committee thereof is required to be given under the provisions of the General Corporation Law or of these by-laws, a waiver thereof in writing, signed by the director or committee member entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting shall be deemed equivalent to the giving of such notice to such director or such committee member.

- QUORUM AND ACTION. A majority of the entire Board of Directors shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the directors in office shall constitute a quorum, provided such majority shall constitute at least one-third of the entire Board and, in no event, less than two directors. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except as herein otherwise provided and, except as in the General Corporation Law otherwise provided, the action of a majority of the directors present at a meeting at which a quorum is present shall be the

action of the Board of Directors.

- CHAIRMAN OF THE MEETING. The Chairman of the Board, if any and if present and acting, or the President or any other director chosen by the Board, shall preside at all meetings.

5. REMOVAL OF DIRECTORS. Any or all of the directors may be removed for cause or without cause by the stockholders, who may elect a successor or successors to fill any resulting vacancy or vacancies for the unexpired term of the removed director or directors.

6. COMMITTEES. The Board of Directors may appoint from among its members an Executive Committee and other committees composed of two or more directors and may delegate to such committee or committees, in the intervals between meetings of the Board of Directors, any or all of the powers of the Board of Directors in the management of the business and affairs of the corporation, except the power to amend the by-laws, to approve any consolidation, merger, share exchange or transfer of assets, to declare dividends, to issue stock or to recommend to stockholders any action requiring the stockholders' approval. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint a member of the Board of Directors to act in the place of such absent member.

7. INFORMAL ACTION. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board of Directors or any such committee, as the case may be, and such written consent is filed with the minutes of the proceedings of the Board or any such committee.

Members of the Board of Directors or any committee designated thereby may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

ARTICLE III

OFFICERS

The corporation may have a Chairman of the Board and

shall have a President, a Secretary and a Treasurer, who shall be elected by the Board of Directors, and may have such other officers, assistant officers and agents as the Board of Directors shall authorize from time to time. Any two or more offices, except those of President and Vice President, may be held by the same person, but no person shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law to be executed, acknowledged or verified by two or more officers.

Any officer or agent may be removed by the Board of Directors whenever, in its judgment, the best interests of the corporation will be served thereby.

ARTICLE IV

PRINCIPAL OFFICE - RESIDENT AGENT - STOCK LEDGER

The address of the principal office of the corporation in the State of Maryland prescribed by the General Corporation Law is 32 South Street, c/o The Corporation Trust Incorporated, Baltimore, Maryland 21202. The name and address of the resident agent in the State of Maryland prescribed by the General Corporation Law are: The Corporation Trust Incorporated, 32 South Street, Baltimore, Maryland 21202.

The corporation shall maintain, at its principal office in the State of Maryland prescribed by the General Corporation Law or at the business office or an agency of the corporation, an original or duplicate stock ledger containing the names and addresses of all stockholders and the number of shares of each class held by each stockholder. Such stock ledger may be in written form or any other form capable of being converted into written form within a reasonable time for visual inspection.

The corporation shall keep at said principal office in the State of Maryland the original or a certified copy of the by-laws, including all amendments thereto, and shall duly file thereat the annual statement of affairs of the corporation prescribed by Section 2-314 of the General Corporation Law.

ARTICLE V

CORPORATE SEAL

The corporate seal shall have inscribed thereon the

name of the corporation and shall be in such form and contain such other words and/or figures as the Board of Directors shall determine or the law require.

ARTICLE VI

FISCAL YEAR

The fiscal year of the corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE VII

CONTROL OVER BY-LAWS

The power to make, alter, amend and repeal the by-laws is vested in the Board of Directors of the corporation.

ARTICLE VIII

INDEMNIFICATION

Notwithstanding any provision in the General Corporation Law or the corporation's Articles of Incorporation:

In the event that a claim for indemnification is asserted by a director, officer or controlling person of the corporation in connection with the registered securities of the corporation, the corporation will not make such indemnification unless (i) the corporation has submitted, before a court or other body, the question of whether the person to be indemnified was liable by reason of wilful misfeasance, bad faith, gross negligence, or reckless disregard of duties, and has obtained a final decision on the merits that such person was not liable by reason of such conduct or (ii) in the absence of such decision, the corporation shall have obtained a reasonable determination, based upon a review of the facts, that such person was not liable by virtue of such conduct, by (a) the vote of a majority of directors who are neither interested persons as such term is

defined in the Investment Company Act of 1940, nor parties to the proceeding or (b) an independent legal counsel in a written opinion.

The corporation will not advance attorneys' fees or other expenses incurred by the person to be indemnified unless the corporation shall have (i) received an undertaking by or on behalf of such person to repay the advance unless it is ultimately determined that such person is entitled to indemnification and (ii) one of the following conditions shall have occurred: (x) such person shall provide security for his undertaking, (y) the corporation shall be insured against losses arising by reason of any lawful advances or (z) a majority of the disinterested, non-party directors of the corporation, or an independent legal counsel in a written opinion, shall have determined that based on a review of readily available facts there is reason to believe that such person ultimately will be found entitled to indemnification.

As amended, October 18, 1989

MANAGEMENT AGREEMENT

DREYFUS GNMA FUND, INC.

August 24, 1994

The Dreyfus Corporation
200 Park Avenue
New York, New York 10166

Dear Sirs:

The above-named investment company (the "Fund")
herewith confirms its agreement with you as follows:

The Fund desires to employ its capital by investing
and reinvesting the same in investments of the type and in
accordance with the limitations specified in its charter
documents and in its Prospectus and Statement of Additional
Information as from time to time in effect, copies of which have
been or will be submitted to you, and in such manner and to such
extent as from time to time may be approved by the Fund's Board.
The Fund desires to employ you to act as its investment adviser.

In this connection it is understood that from time to
time you will employ or associate with yourself such person or
persons as you may believe to be particularly fitted to assist
you in the performance of this Agreement. Such person or
persons may be officers or employees who are employed by both
you and the Fund. The compensation of such person or persons
shall be paid by you and no obligation may be incurred on the
Fund's behalf in any such respect.

Subject to the supervision and approval of the Fund's
Board, you will provide investment management of the Fund's
portfolio in accordance with the Fund's investment objectives
and policies as stated in its Prospectus and Statement of
Additional Information as from time to time in effect. In
connection therewith, you will obtain and provide investment
research and will supervise the Fund's investments and conduct a
continuous program of investment, evaluation and, if
appropriate, sale and reinvestment of the Fund's assets. You
will furnish to the Fund such statistical information, with

respect to the investments which the Fund may hold or contemplate purchasing, as the Fund may reasonably request. The Fund wishes to be informed of important developments materially affecting its portfolio and shall expect you, on your own initiative, to furnish to the Fund from time to time such information as you may believe appropriate for this purpose.

In addition, you will supply office facilities (which may be in your own offices), data processing services, clerical, accounting and bookkeeping services, internal auditing and legal services, internal executive and administrative services, and stationery and office supplies; prepare reports to the Fund's stockholders, tax returns, reports to and filings with the Securities and Exchange Commission and state Blue Sky authorities; calculate the net asset value of the Fund's shares; and generally assist in all aspects of the Fund's operations. You shall have the right, at your expense, to engage other entities to assist you in performing some or all of the obligations set forth in this paragraph, provided each such entity enters into an agreement with you in form and substance reasonably satisfactory to the Fund. You agree to be liable for the acts or omissions of each such entity to the same extent as if you had acted or failed to act under the circumstances.

You shall exercise your best judgment in rendering the services to be provided to the Fund hereunder and the Fund agrees as an inducement to your undertaking the same that you shall not be liable hereunder for any error of judgment or mistake of law or for any loss suffered by the Fund, provided that nothing herein shall be deemed to protect or purport to protect you against any liability to the Fund or to its security holders to which you would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of your duties hereunder, or by reason of your reckless disregard of your obligations and duties hereunder.

In consideration of services rendered pursuant to this Agreement, the Fund will pay you on the first business day of each month a fee at the annual rate of .60 of 1% of the value of the Fund's average daily net assets. Net asset value shall be computed on such days and at such time or times as described in the Fund's then-current Prospectus and Statement of Additional Information. Upon any termination of this Agreement before the end of any month, the fee for such part of a month shall be prorated according to the proportion which such period bears to the full monthly period and shall be payable upon the date of termination of this Agreement.

For the purpose of determining fees payable to you, the value of the Fund's net assets shall be computed in the

manner specified in the Fund's charter documents for the computation of the value of the Fund's net assets.

You will bear all expenses in connection with the performance of your services under this Agreement. All other expenses to be incurred in the operation of the Fund will be borne by the Fund, except to the extent specifically assumed by you. The expenses to be borne by the Fund include, without limitation, the following: organizational costs, taxes, interest, loan commitment fees, interest and distributions paid on securities sold short, brokerage fees and commissions, if any, fees of Board members who are not your officers, directors or employees or holders of 5% or more of your outstanding voting securities, Securities and Exchange Commission fees and state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of independent pricing services, costs of maintaining the Fund's existence, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of preparing and printing prospectuses and statements of additional information for regulatory purposes and for distribution to existing stockholders, costs of stockholders' reports and meetings, and any extraordinary expenses.

If in any fiscal year the aggregate expenses of the Fund (including fees pursuant to this Agreement, but excluding interest, taxes, brokerage and, with the prior written consent of the necessary state securities commissions, extraordinary expenses) exceed 1-1/2% of the average value of the Fund's net assets for the fiscal year, the Fund may deduct from the fees to be paid hereunder, or you will bear, such excess expense. Your obligation pursuant hereto will be limited to the amount of your fees hereunder. Such deduction or payment, if any, will be estimated daily, and reconciled and effected or paid, as the case may be, on a monthly basis.

The Fund understands that you now act, and that from time to time hereafter you may act, as investment adviser to one or more other investment companies and fiduciary or other managed accounts, and the Fund has no objection to your so acting, provided that when the purchase or sale of securities of the same issuer is suitable for the investment objectives of two or more companies or accounts managed by you which have available funds for investment, the available securities will be allocated in a manner believed by you to be equitable to each company or account. It is recognized that in some cases this procedure may adversely affect the price paid or received by the Fund or the size of the position obtainable for or disposed of by the Fund.

In addition, it is understood that the persons employed by you to assist in the performance of your duties hereunder will not devote their full time to such service and nothing contained herein shall be deemed to limit or restrict your right or the right of any of your affiliates to engage in and devote time and attention to other businesses or to render services of whatever kind or nature.

You shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except for a loss resulting from willful misfeasance, bad faith or gross negligence on your part in the performance of your duties or from reckless disregard by you of your obligations and duties under this Agreement. Any person, even though also your officer, director, partner, employee or agent, who may be or become an officer, Board member, employee or agent of the Fund, shall be deemed, when rendering services to the Fund or acting on any business of the Fund, to be rendering such services to or acting solely for the Fund and not as your officer, director, partner, employee or agent or one under your control or direction even though paid by you.

This Agreement shall continue until May 22, 1995, and thereafter shall continue automatically for successive annual periods ending on May 22nd of each year, provided such continuance is specifically approved at least annually by (i) the Fund's Board or (ii) vote of a majority (as defined in the Investment Company Act of 1940) of the Fund's outstanding voting securities, provided that in either event its continuance also is approved by a majority of the Fund's Board members who are not "interested persons" (as defined in said Act) of any party to this Agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. This Agreement is terminable without penalty, on 60 days' notice, by the Fund's Board or by vote of holders of a majority of the Fund's shares or, upon not less than 90 days' notice, by you. This Agreement also will terminate automatically in the event of its assignment (as defined in said Act).

The Fund recognizes that from time to time your directors, officers and employees may serve as directors, trustees, partners, officers and employees of other corporations, business trusts, partnerships or other entities (including other investment companies) and that such other entities may include the name "Dreyfus" as part of their name, and that your corporation or its affiliates may enter into investment advisory or other agreements with such other entities. If you cease to act as the Fund's investment adviser,

the Fund agrees that, at your request, the Fund will take all necessary action to change the name of the Fund to a name not including "Dreyfus" in any form or combination of words.

If the foregoing is in accordance with your understanding, will you kindly so indicate by signing and returning to us the enclosed copy hereof.

Very truly yours,

DREYFUS GNMA FUND, INC.

By: _____

Accepted:

THE DREYFUS CORPORATION

By: _____

DISTRIBUTION AGREEMENT

DREYFUS GNMA FUND, INC.
144 Glenn Curtiss Boulevard
Uniondale, New York 11556-0144

August 24, 1994

Premier Mutual Fund Services, Inc.
One Exchange Place
Tenth Floor
Boston, Massachusetts 02109

Dear Sirs:

This is to confirm that, in consideration of the agreements hereinafter contained, the above-named investment company (the "Fund") has agreed that you shall be, for the period of this agreement, the distributor of (a) shares of each Series of the Fund set forth on Exhibit A hereto, as such Exhibit may be revised from time to time (each, a "Series") or (b) if no Series are set forth on such Exhibit, shares of the Fund. For purposes of this agreement the term "Shares" shall mean the authorized shares of the relevant Series, if any, and otherwise shall mean the Fund's authorized shares.

1. Services as Distributor

1.1 You will act as agent for the distribution of Shares covered by, and in accordance with, the registration statement and prospectus then in effect under the Securities Act of 1933, as amended, and will transmit promptly any orders received by you for purchase or redemption of Shares to the Transfer and Dividend Disbursing Agent for the Fund of which the Fund has notified you in writing.

1.2 You agree to use your best efforts to solicit orders for the sale of Shares. It is contemplated that you will enter into sales or servicing agreements with securities

dealers, financial institutions and other industry professionals, such as investment advisers, accountants and estate planning firms, and in so doing you will act only on your own behalf as principal.

1.3 You shall act as distributor of Shares in compliance with all applicable laws, rules and regulations, including, without limitation, all rules and regulations made or adopted pursuant to the Investment Company Act of 1940, as amended, by the Securities and Exchange Commission or any securities association registered under the Securities Exchange Act of 1934, as amended.

1.4 Whenever in their judgment such action is warranted by market, economic or political conditions, or by abnormal circumstances of any kind, the Fund's officers may decline to accept any orders for, or make any sales of, any Shares until such time as they deem it advisable to accept such orders and to make such sales and the Fund shall advise you promptly of such determination.

1.5 The Fund agrees to pay all costs and expenses in connection with the registration of Shares under the Securities Act of 1933, as amended, and all expenses in connection with maintaining facilities for the issue and transfer of Shares and for supplying information, prices and other data to be furnished by the Fund hereunder, and all expenses in connection with the preparation and printing of the Fund's prospectuses and statements of additional information for regulatory purposes and for distribution to shareholders; provided however, that nothing contained herein shall be deemed to require the Fund to pay any of the costs of advertising the sale of Shares.

1.6 The Fund agrees to execute any and all documents and to furnish any and all information and otherwise to take all actions which may be reasonably necessary in the discretion of the Fund's officers in connection with the qualification of Shares for sale in such states as you may designate to the Fund and the Fund may approve, and the Fund agrees to pay all expenses which may be incurred in connection with such qualification. You shall pay all expenses connected with your own qualification as a dealer under state or Federal laws and, except as otherwise specifically provided in this agreement, all other expenses incurred by you in connection with the sale of Shares as contemplated in this agreement.

1.7 The Fund shall furnish you from time to time, for use in connection with the sale of Shares, such information with respect to the Fund or any relevant Series and the Shares as you may reasonably request, all of which shall be signed by one or more of the Fund's duly authorized officers; and the Fund

warrants that the statements contained in any such information, when so signed by the Fund's officers, shall be true and correct. The Fund also shall furnish you upon request with: (a) semi-annual reports and annual audited reports of the Fund's books and accounts made by independent public accountants regularly retained by the Fund, (b) quarterly earnings statements prepared by the Fund, (c) a monthly itemized list of the securities in the Fund's or, if applicable, each Series' portfolio, (d) monthly balance sheets as soon as practicable after the end of each month, and (e) from time to time such additional information regarding the Fund's financial condition as you may reasonably request.

1.8 The Fund represents to you that all registration statements and prospectuses filed by the Fund with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and under the Investment Company Act of 1940, as amended, with respect to the Shares have been carefully prepared in conformity with the requirements of said Acts and rules and regulations of the Securities and Exchange Commission thereunder. As used in this agreement the terms "registration statement" and "prospectus" shall mean any registration statement and prospectus, including the statement of additional information incorporated by reference therein, filed with the Securities and Exchange Commission and any amendments and supplements thereto which at any time shall have been filed with said Commission. The Fund represents and warrants to you that any registration statement and prospectus, when such registration statement becomes effective, will contain all statements required to be stated therein in conformity with said Acts and the rules and regulations of said Commission; that all statements of fact contained in any such registration statement and prospectus will be true and correct when such registration statement becomes effective; and that neither any registration statement nor any prospectus when such registration statement becomes effective will include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Fund may but shall not be obligated to propose from time to time such amendment or amendments to any registration statement and such supplement or supplements to any prospectus as, in the light of future developments, may, in the opinion of the Fund's counsel, be necessary or advisable. If the Fund shall not propose such amendment or amendments and/or supplement or supplements within fifteen days after receipt by the Fund of a written request from you to do so, you may, at your option, terminate this agreement or decline to make offers of the Fund's securities until such amendments are made. The Fund shall not file any amendment to any registration statement or supplement to any prospectus without giving you reasonable notice thereof in advance; provided, however, that nothing contained in this agreement

shall in any way limit the Fund's right to file at any time such amendments to any registration statement and/or supplements to any prospectus, of whatever character, as the Fund may deem advisable, such right being in all respects absolute and unconditional.

1.9 The Fund authorizes you to use any prospectus in the form furnished to you from time to time, in connection with the sale of Shares. The Fund agrees to indemnify, defend and hold you, your several officers and directors, and any person who controls you within the meaning of Section 15 of the Securities Act of 1933, as amended, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which you, your officers and directors, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law or otherwise, arising out of or based upon any untrue statement, or alleged untrue statement, of a material fact contained in any registration statement or any prospectus or arising out of or based upon any omission, or alleged omission, to state a material fact required to be stated in either any registration statement or any prospectus or necessary to make the statements in either thereof not misleading; provided, however, that the Fund's agreement to indemnify you, your officers or directors, and any such controlling person shall not be deemed to cover any claims, demands, liabilities or expenses arising out of any untrue statement or alleged untrue statement or omission or alleged omission made in any registration statement or prospectus in reliance upon and in conformity with written information furnished to the Fund by you specifically for use in the preparation thereof. The Fund's agreement to indemnify you, your officers and directors, and any such controlling person, as aforesaid, is expressly conditioned upon the Fund's being notified of any action brought against you, your officers or directors, or any such controlling person, such notification to be given by letter or by telegram addressed to the Fund at its address set forth above within ten days after the summons or other first legal process shall have been served.

The failure so to notify the Fund of any such action shall not relieve the Fund from any liability which the Fund may have to the person against whom such action is brought by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of the Fund's indemnity agreement contained in this paragraph 1.9. The Fund will be entitled to assume the defense of any suit brought to enforce any such claim, demand or liability, but, in such case, such defense shall be conducted by counsel of good standing chosen by the Fund and approved by you. In the event the Fund elects to assume the defense of any such suit and retain counsel

of good standing approved by you, the defendant or defendants in such suit shall bear the fees and expenses of any additional counsel retained by any of them; but in case the Fund does not elect to assume the defense of any such suit, or in case you do not approve of counsel chosen by the Fund, the Fund will reimburse you, your officers and directors, or the controlling person or persons named as defendant or defendants in such suit, for the fees and expenses of any counsel retained by you or them. The Fund's indemnification agreement contained in this paragraph 1.9 and the Fund's representations and warranties in this agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of you, your officers and directors, or any controlling person, and shall survive the delivery of any Shares. This agreement of indemnity will inure exclusively to your benefit, to the benefit of your several officers and directors, and their respective estates, and to the benefit of any controlling persons and their successors. The Fund agrees promptly to notify you of the commencement of any litigation or proceedings against the Fund or any of its officers or Board members in connection with the issue and sale of Shares.

1.10 You agree to indemnify, defend and hold the Fund, its several officers and Board members, and any person who controls the Fund within the meaning of Section 15 of the Securities Act of 1933, as amended, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers or Board members, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its officers or Board members, or such controlling person resulting from such claims or demands, shall arise out of or be based upon any untrue, or alleged untrue, statement of a material fact contained in information furnished in writing by you to the Fund specifically for use in the Fund's registration statement and used in the answers to any of the items of the registration statement or in the corresponding statements made in the prospectus, or shall arise out of or be based upon any omission, or alleged omission, to state a material fact in connection with such information furnished in writing by you to the Fund and required to be stated in such answers or necessary to make such information not misleading. Your agreement to indemnify the Fund, its officers and Board members, and any such controlling person, as aforesaid, is expressly conditioned upon your being notified of any action brought against the Fund, its officers or Board members, or any such controlling person, such notification to be given by letter or telegram addressed to you at your address set forth above within ten days after the summons or

other first legal process shall have been served. You shall have the right to control the defense of such action, with counsel of your own choosing, satisfactory to the Fund, if such action is based solely upon such alleged misstatement or omission on your part, and in any other event the Fund, its officers or Board members, or such controlling person shall each have the right to participate in the defense or preparation of the defense of any such action. The failure so to notify you of any such action shall not relieve you from any liability which you may have to the Fund, its officers or Board members, or to such controlling person by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of your indemnity agreement contained in this paragraph 1.10. This agreement of indemnity will inure exclusively to the Fund's benefit, to the benefit of the Fund's officers and Board members, and their respective estates, and to the benefit of any controlling persons and their successors.

You agree promptly to notify the Fund of the commencement of any litigation or proceedings against you or any of your officers or directors in connection with the issue and sale of Shares.

1.11 No Shares shall be offered by either you or the Fund under any of the provisions of this agreement and no orders for the purchase or sale of such Shares hereunder shall be accepted by the Fund if and so long as the effectiveness of the registration statement then in effect or any necessary amendments thereto shall be suspended under any of the provisions of the Securities Act of 1933, as amended, or if and so long as a current prospectus as required by Section 10 of said Act, as amended, is not on file with the Securities and Exchange Commission; provided, however, that nothing contained in this paragraph 1.11 shall in any way restrict or have an application to or bearing upon the Fund's obligation to repurchase any Shares from any shareholder in accordance with the provisions of the Fund's prospectus or charter documents.

1.12 The Fund agrees to advise you immediately in writing:

(a) of any request by the Securities and Exchange Commission for amendments to the registration statement or prospectus then in effect or for additional information;

(b) in the event of the issuance by the Securities and Exchange Commission of any stop order suspending the effectiveness of the registration statement or prospectus then in effect or the initiation of any proceeding for that purpose;

(c) of the happening of any event which makes untrue any statement of a material fact made in the registration statement or prospectus then in effect or which requires the making of a change in such registration statement or prospectus in order to make the statements therein not misleading; and

(d) of all actions of the Securities and Exchange Commission with respect to any amendments to any registration statement or prospectus which may from time to time be filed with the Securities and Exchange Commission.

2. Offering Price

Shares of any class of the Fund offered for sale by you shall be offered for sale at a price per share (the "offering price") approximately equal to (a) their net asset value (determined in the manner set forth in the Fund's charter documents) plus (b) a sales charge, if any and except to those persons set forth in the then-current prospectus, which shall be the percentage of the offering price of such Shares as set forth in the Fund's then-current prospectus. The offering price, if not an exact multiple of one cent, shall be adjusted to the nearest cent. In addition, Shares of any class of the Fund offered for sale by you may be subject to a contingent deferred sales charge as set forth in the Fund's then-current prospectus.

You shall be entitled to receive any sales charge or contingent deferred sales charge in respect of the Shares. Any payments to dealers shall be governed by a separate agreement between you and such dealer and the Fund's then-current prospectus.

3. Term

This agreement shall continue until the date (the "Reapproval Date") set forth on Exhibit A hereto (and, if the Fund has Series, a separate Reapproval Date shall be specified on Exhibit A for each Series), and thereafter shall continue automatically for successive annual periods ending on the day (the "Reapproval Day") of each year set forth on Exhibit A hereto, provided such continuance is specifically approved at least annually by (i) the Fund's Board or (ii) vote of a majority (as defined in the Investment Company Act of 1940) of the Shares of the Fund or the relevant Series, as the case may be, provided that in either event its continuance also is approved by a majority of the Board members who are not "interested persons" (as defined in said Act) of any party to this agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. This agreement is terminable without penalty, on 60 days' notice, by vote of

holders of a majority of the Fund's or, as to any relevant Series, such Series' outstanding voting securities or by the Fund's Board as to the Fund or the relevant Series, as the case may be. This agreement is terminable by you, upon 270 days' notice, effective on or after the fifth anniversary of the date hereof. This agreement also will terminate automatically, as to the Fund or relevant Series, as the case may be, in the event of its assignment (as defined in said Act).

4. Exclusivity

So long as you act as the distributor of Shares, you shall not perform any services for any entity other than investment companies advised or administered by The Dreyfus Corporation. The Fund acknowledges that the persons employed by you to assist in the performance of your duties under this agreement may not devote their full time to such service and nothing contained in this agreement shall be deemed to limit or restrict your or any of your affiliates right to engage in and devote time and attention to other businesses or to render services of whatever kind or nature.

Please confirm that the foregoing is in accordance with your understanding and indicate your acceptance hereof by signing below, whereupon it shall become a binding agreement between us.

Very truly yours,

DREYFUS GNMA FUND, INC.

By:

Accepted:

PREMIER MUTUAL FUND SERVICES, INC.

By: _____

EXHIBIT A

Reapproval Date

Reapproval Day

May 22, 1996

May 22nd

AMENDED AND RESTATED CUSTODY AGREEMENT

Amended and Restated Custody Agreement made as of August 18, 1989 between DREYFUS GNMA FUND, INC., a corporation organized and existing under the laws of the State of Maryland, having its principal office and place of business at 666 Old Country Road, Garden City, New York 11530 (hereinafter called the "Fund"), and THE BANK OF NEW YORK, a New York corporation authorized to do a banking business, having its principal office and place of business at 48 Wall Street, New York, New York 10015 (hereinafter called the "Custodian").

W I T N E S S E T H :

that for and in consideration of the mutual promises hereinafter set forth the Fund and the Custodian agree as follows:

ARTICLE I

DEFINITIONS

Whenever used in this Agreement, the following words and phrases, unless the context otherwise requires, shall have the following meanings:

1. "Authorized Person" shall be deemed to include the Treasurer, the Controller or any other person, whether or not any such person is an Officer or employee of the Fund, duly authorized by the Directors of the Fund to give Oral Instructions and Written Instructions on behalf of the Fund and listed in the Certificate annexed hereto as Appendix A or such other Certificate as may be received by the Custodian from time to time.

2. "Available Balance" shall mean for any given day during a calendar year the aggregate amount of Federal Funds held in the Fund's custody account(s) at The Bank of New York, or its successors, as of the close of such day or, if such day is not a business day, the close of the preceding business day.

3. "Bankruptcy" shall mean with respect to a party such party's making a general assignment, arrangement or composition with or for the benefit of its creditors, or instituting or having instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or the entry of an order for relief under the Federal bankruptcy law or any other relief under any bankruptcy or insolvency law or other similar law

affecting creditors' rights, or if a petition is presented for the winding up or liquidation of the party or a resolution is passed for its winding up or liquidation, or it seeks, or becomes subject to, the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets or its taking any action in furtherance of, or indicating its consent to approval of, or acquiescence in, any of the foregoing.

4. "Book-Entry System" shall mean the Federal Reserve/Treasury book-entry system for United States and Federal agency securities, its successor or successors and its nominee or nominees.

5. "Call Option" shall mean an exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts and Futures Contract Options entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase from the writer thereof the specified underlying Securities.

6. "Certificate" shall mean any notice, instruction, or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, which is actually received by the Custodian and signed on behalf of the Fund by any two Officers of the Fund.

7. "Clearing Member" shall mean a registered broker-dealer which is a clearing member under the rules of O.C.C. and a member of a national securities exchange qualified to act as a custodian for an investment company, or any broker-dealer reasonably believed by the Custodian to be such a clearing member.

8. "Collateral Account" shall mean a segregated account so denominated and pledged to the Custodian as security for, and in consideration of, the Custodian's issuance of (a) any Put Option guarantee letter or similar document described in paragraph 8 of Article V herein, or (b) any receipt described in Article V or VIII herein.

9. "Consumer Price Index" shall mean the U.S. Consumer Price Index, all items and all urban consumers, U.S. city average 1982-84 equals 100, as first published without seasonal adjustment by the Bureau of Labor Statistics, the Department of Labor, without regard to subsequent revisions or corrections by such Bureau.

10. "Covered Call Option" shall mean an exchange traded option entitling the holder, upon timely exercise and payment of the exercise price, as specified therein, to purchase

from the writer thereof the specified Securities (excluding Futures Contracts) which are owned by the writer thereof and subject to appropriate restrictions.

11. "Depository" shall mean The Depository Trust Company ("DTC"), a clearing agency registered with the Securities and Exchange Commission, its successor or successors and its nominee or nominees, provided the Custodian has received a certified copy of a resolution of the Fund's Directors specifically approving deposits in DTC. The term "Depository" shall further mean and include any other person authorized to act as a depository under the Investment Company Act of 1940, its successor or successors and its nominee or nominees, specifically identified in a certified copy of a resolution of the Fund's Directors specifically approving deposits therein by the Custodian.

12. "Earnings Credit" shall mean for any given day during a calendar year the product of (a) the Federal Funds Rate for such date minus .25%, and (b) 82% of the Available Balance.

13. "Federal Funds" shall mean immediately available same day funds.

14. "Federal Funds Rate" shall mean, for any day, the Federal Funds (Effective) interest rate so denominated as published in Federal Reserve Statistical Release H.15 (519) and applicable to such day and each succeeding day which is not a business day.

15. "Financial Futures Contract" shall mean the firm commitment to buy or sell fixed income securities, including, without limitation, U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, domestic bank certificates of deposit, and Eurodollar certificates of deposit, during a specified month at an agreed upon price.

16. "Futures Contract" shall mean a Financial Futures Contract and/or Stock Index Futures Contracts.

17. "Futures Contract Option" shall mean an option with respect to a Futures Contract.

18. "Margin Account" shall mean a segregated account in the name of a broker, dealer, futures commission merchant or Clearing Member, or in the name of the Fund for the benefit of a broker, dealer, futures commission merchant or Clearing Member, or otherwise, in accordance with an agreement between the Fund, the Custodian and a broker, dealer, futures commission merchant or Clearing Member (a "Margin Account Agreement"), separate and distinct from the custody account, in which certain Securities

and/or money of the Fund shall be deposited and withdrawn from time to time in connection with such transactions as the Fund may from time to time determine. Securities held in the Book-Entry System or the Depository shall be deemed to have been deposited in, or withdrawn from, a Margin Account upon the Custodian's effecting an appropriate entry on its books and records.

19. "Merger" shall mean (a) with respect to the Fund, the consolidation or amalgamation with, merger into, or transfer of all or substantially all of its assets to, another entity, where the Fund is not the surviving entity, and (b) with respect to the Custodian, any consolidation or amalgamation with, merger into, or transfer of all or substantially all of its assets to, another entity, except for any such consolidation, amalgamation, merger or transfer of assets between the Custodian and The Bank of New York Company, Inc. or any subsidiary thereof, or the Irving Bank Corporation or any subsidiary thereof, provided that the surviving entity agrees to be bound by the terms of this Agreement.

20. "Money Market Security" shall be deemed to include, without limitation, debt obligations issued or guaranteed as to principal and interest by the government of the United States or agencies or instrumentalities thereof, commercial paper, certificates of deposit and bankers' acceptances, repurchase and reverse repurchase agreements with respect to the same and bank time deposits, where the purchase and sale of such securities normally requires settlement in Federal funds on the same date as such purchase or sale.

21. "O.C.C." shall mean Options Clearing Corporation, a clearing agency registered under Section 17A of the Securities Exchange Act of 1934, its successor or successors, and its nominee or nominees.

22. "Officers" shall be deemed to include the President, any Vice President, the Secretary, the Treasurer, the Controller, any Assistant Secretary, any Assistant Treasurer or any other person or persons duly authorized by the Directors of the Fund to execute any Certificate, instruction, notice or other instrument on behalf of the Fund and listed in the Certificate annexed hereto as Appendix B or such other Certificate as may be received by the Custodian from time to time.

23. "Option" shall mean a Call Option, Covered Call Option, Stock Index Option and/or a Put Option.

24. "Oral Instructions" shall mean verbal instructions actually received by the Custodian from an

Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person.

25. "Put Option" shall mean an exchange traded option with respect to Securities other than Stock Index Options, Futures Contracts, and Futures Contract Options entitling the holder, upon timely exercise and tender of the specified underlying Securities, to sell such Securities to the writer thereof for the exercise price.

26. "Reverse Repurchase Agreement" shall mean an agreement pursuant to which the Fund sells Securities and agrees to repurchase such Securities at a described or specified date and price.

27. "Security" shall be deemed to include, without limitation, Money Market Securities, Call Options, Put Options, Stock Index Options, Stock Index Futures Contracts, Stock Index Futures Contract Options, Financial Futures Contracts, Financial Futures Contract Options, Reverse Repurchase Agreements, common stock and other instruments or rights having characteristics similar to common stocks, preferred stocks, debt obligations issued by state or municipal governments and by public authorities (including, without limitation, general obligation bonds, revenue bonds and industrial bonds and industrial development bonds), bonds, debentures, notes, mortgages or other obligations, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase, sell or subscribe for the same, or evidencing or representing any other rights or interest therein, or any property or assets.

28. "Segregated Security Account" shall mean an account maintained under the terms of this Agreement as a segregated account, by recordation or otherwise, within the custody account in which certain Securities and/or other assets of the Fund shall be deposited and withdrawn from time to time in accordance with Certificates received by the Custodian in connection with such transactions as the Fund may from time to time determine.

29. "Shares" shall mean the shares of Common Stock of the Fund, each of which, in the case of a Fund having Series, is allocated to a particular Series.

30. "Stock Index Futures Contract" shall mean a bilateral agreement pursuant to which the parties agree to take or make delivery of an amount of cash equal to a specified dollar amount times the difference between the value of a particular stock index at the close of the last business day of the contract and the price at which the futures contract is originally struck.

31. "Stock Index Option" shall mean an exchange traded option entitling the holder, upon timely exercise, to receive an amount of cash determined by reference to the difference between the exercise price and the value of the index on the date of exercise.

32. "Written Instructions" shall mean written communications actually received by the Custodian from an Authorized Person or from a person reasonably believed by the Custodian to be an Authorized Person by telex or any other such system whereby the receiver of such communications is able to verify by codes or otherwise with a reasonable degree of certainty the authenticity of the sender of such communication.

ARTICLE II

APPOINTMENT OF CUSTODIAN

1. The Fund hereby constitutes and appoints the Custodian as custodian of all the Securities and moneys at any time owned by the Fund during the period of this Agreement, except that (a) if the Custodian fails to provide for the custody of any of the Fund's Securities and moneys located or to be located outside the United States in a manner satisfactory to the Fund, the Fund shall be permitted to arrange for the custody of such Securities and moneys located or to be located outside the United States other than through the Custodian at rates to be negotiated and borne by the Fund and (b) if the Custodian fails to continue any existing sub-custodial or similar arrangements on substantially the same terms as exist on the date of this Agreement, the Fund shall be permitted to arrange for such or similar services other than through the Custodian at rates to be negotiated and borne by the Fund. The Custodian shall not charge the Fund for any such terminated services after the date of such termination.

2. The Custodian hereby accepts appointment as such custodian and agrees to perform the duties thereof as hereinafter set forth.

ARTICLE III

CUSTODY OF CASH AND SECURITIES

1. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, the Fund will deliver or cause to be delivered to the Custodian all Securities and all moneys owned by it, including cash received for the issuance of its

shares, at any time during the period of this Agreement. The Custodian will not be responsible for such Securities and such moneys until actually received by it. The Custodian will be entitled to reverse any credits made on the Fund's behalf where such credits have been previously made and moneys are not finally collected. The Fund shall deliver to the Custodian a certified resolution of the Directors of the Fund approving, authorizing and instructing the Custodian on a continuous and on-going basis to deposit in the Book-Entry System all Securities eligible for deposit therein and to utilize the Book-Entry System to the extent possible in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of Securities collateral. Prior to a deposit of Securities of the Fund in the Depository the Fund shall deliver to the Custodian a certified resolution of the Directors of the Fund approving, authorizing and instructing the Custodian on a continuous and ongoing basis until instructed to the contrary by a Certificate actually received by the Custodian to deposit in the Depository all Securities eligible for deposit therein and to utilize the Depository to the extent possible in connection with its performance hereunder, including, without limitation, in connection with settlements of purchases and sales of Securities, loans of Securities, and deliveries and returns of Securities collateral. Securities and moneys of the Fund deposited in either the Book-Entry System or the Depository will be represented in accounts which include only assets held by the Custodian for customers, including, but not limited to, accounts in which the Custodian acts in a fiduciary or representative capacity. Prior to the Custodian's accepting, utilizing and acting with respect to Clearing Member confirmations for Options and transactions in Options as provided in this Agreement, the Custodian shall have received a certified resolution of the Fund's Board of Directors approving, authorizing and instructing the Custodian on a continuous and on-going basis, until instructed to the contrary by a Certificate actually received by the Custodian, to accept, utilize and act in accordance with such confirmations as provided in this Agreement.

2. The Custodian shall credit to a separate account in the name of the Fund all moneys received by it for the account of the Fund, and shall disburse the same only:

(a) In payment for Securities purchased, as provided in Article IV hereof;

(b) In payment of dividends or distributions, as provided in Article XI hereof;

(c) In payment of original issue or other taxes, as

provided in Article XII hereof;

(d) In payment for Shares redeemed by it, as provided in Article XII hereof;

(e) Pursuant to Certificates setting forth the name and address of the person to whom the payment is to be made, and the purpose for which payment is to be made; or

(f) In payment of the fees and in reimbursement of the expenses and liabilities of the Custodian, as provided in Article XV hereof.

3. Promptly after the close of business on each day, the Custodian shall furnish the Fund with confirmations and a summary of all transfers to or from the account of the Fund during said day. Where Securities are transferred to the account of the Fund, the Custodian shall also by book-entry or otherwise identify as belonging to the Fund a quantity of Securities in a fungible bulk of Securities registered in the name of the Custodian (or its nominee) or shown on the Custodian's account on the books of the Book-Entry System or the Depository. At least monthly and from time to time, the Custodian shall furnish the Fund with a detailed statement of the Securities and moneys held for the Fund under this Agreement.

4. Except as otherwise provided in paragraph 7 of this Article and in Article VIII, all Securities held for the Fund, which are issued or issuable only in bearer form, except such Securities as are held in the Book-Entry System, shall be held by the Custodian in that form; all other Securities held for the Fund may be registered in the name of the Fund, in the name of any duly appointed registered nominee of the Custodian as the Custodian may from time to time determine, or in the name of the Book-Entry System or the Depository or their successor or successors, or their nominee or nominees. The Fund agrees to furnish to the Custodian appropriate instruments to enable the Custodian to hold or deliver in proper form for transfer, or to register in the name of its registered nominee or in the name of the Book-Entry System or the Depository, any Securities which it may hold for the account of the Fund and which may from time to time be registered in the name of the Fund. The Custodian shall hold all such Securities which are not held in the Book-Entry System or in the Depository in a separate account in the name of the Fund physically segregated at all times from those of any other person or persons.

5. Except as otherwise provided in this Agreement and unless otherwise instructed to the contrary by a Certificate, the Custodian by itself, or through the use of the Book-Entry

System or the Depository with respect to Securities therein deposited, shall with respect to all Securities held for the Fund in accordance with this Agreement:

(a) Collect all income due or payable and, in any event, if the Custodian receives a written notice from the Fund specifying that an amount of income should have been received by the Custodian within the last 90 days, the Custodian will provide a conditional payment of income within 60 days from the date the Custodian received such notice, unless the Custodian reasonably concludes that such income was not due or payable to the Fund, provided that the Custodian may reverse any such conditional payment upon its reasonably concluding that all or any portion of such income was not due or payable, and provided further that the Custodian shall not be liable for failing to collect on a timely basis the full amount of income due or payable in respect of a "floating rate instrument" or "variable rate instrument" (as such terms are defined under Rule 2a-7 under the Investment Company Act of 1940, as amended) if it has acted in good faith, without negligence or willful misconduct.

(b) Present for payment and collect the amount payable upon such Securities which are called, but only if either (i) the Custodian receives a written notice of such call, or (ii) notice of such call appears in one or more of the publications listed in Appendix C annexed hereto, which may be amended at any time by the Custodian upon five business days' prior notification to the Fund;

(c) Present for payment and collect the amount payable upon all Securities which may mature;

(d) Surrender Securities in temporary form for definitive Securities;

(e) Execute, as Custodian, any necessary declarations or certificates of ownership under the Federal Income Tax Laws or the laws or regulations of any other taxing authority now or hereafter in effect; and

(f) Hold directly, or through the Book-Entry System or the Depository with respect to Securities therein deposited, for the account of the Fund all rights and similar securities issued with respect to any Securities held by the Custodian hereunder.

6. Upon receipt of a Certificate and not otherwise, the Custodian, directly or through the use of the Book-Entry System or the Depository, shall:

(a) Execute and deliver to such persons as may be

designated in such Certificate proxies, consents, authorizations, and any other instruments whereby the authority of the Fund as owner of any Securities may be exercised;

(b) Deliver any Securities held for the Fund in exchange for other Securities or cash issued or paid in connection with the liquidation, reorganization, refinancing, merger, consolidation or recapitalization of any corporation, or the exercise of any conversion privilege;

(c) Deliver any Securities held for the Fund to any protective committee, reorganization committee or other person in connection with the reorganization, refinancing, merger, consolidation, recapitalization or sale of assets of any corporation, and receive and hold under the terms of this Agreement such certificates of deposit, interim receipts or other instruments or documents as may be issued to it to evidence such delivery;

(d) Make such transfers or exchanges of the assets of the Fund and take such other steps as shall be stated in said order to be for the purpose of effectuating any duly authorized plan of liquidation, reorganization, merger, consolidation or recapitalization of the Fund; and

(e) Present for payment and collect the amount payable upon Securities not described in preceding paragraph 5(b) of this Article which may be called as specified in the Certificate.

7. Notwithstanding any provision elsewhere contained herein, the Custodian shall not be required to obtain possession of any instrument or certificate representing any Futures Contract, Option or Futures Contract Option until after it shall have determined, or shall have received a Certificate from the Fund stating, that any such instruments or certificates are available. The Fund shall deliver to the Custodian such a Certificate no later than the business day preceding the availability of any such instrument or certificate. Prior to such availability, the Custodian shall comply with Section 17(f) of the Investment Company Act of 1940, as amended, in connection with the purchase, sale, settlement, closing out or writing of Futures Contracts, Options or Futures Contract Options by making payments or deliveries specified in Certificates received by the Custodian in connection with any such purchase, sale, writing, settlement or closing out upon its receipt from a broker, dealer or futures commission merchant of a statement or confirmation reasonably believed by the Custodian to be in the form customarily used by brokers, dealers, or futures commission merchants with respect to such Futures Contracts, Options or Futures Contract Options, as the case may be, confirming that

such Security is held by such broker, dealer or futures commission merchant, in book-entry form or otherwise, in the name of the Custodian (or any nominee of the Custodian) as custodian for the Fund, provided, however, that payments to or deliveries from the Margin Account shall be made in accordance with the terms and conditions of the Margin Account Agreement. Whenever any such instruments or certificates are available, the Custodian shall, notwithstanding any provision in this Agreement to the contrary, make payment for any Futures Contract, Option or Futures Contract Option for which such instruments or such certificates are available only against the delivery to the Custodian of such instrument or such certificate, and deliver any Futures Contract, Option or Futures Contract Option for which such instruments or such certificates are available only against receipt by the Custodian of payment therefor. Any such instrument or certificate delivered to the Custodian shall be held by the Custodian hereunder in accordance with, and subject to, the provisions of this Agreement.

ARTICLE IV

PURCHASE AND SALE OF INVESTMENTS OF THE FUND OTHER THAN OPTIONS, FUTURES CONTRACTS, FUTURES CONTRACT OPTIONS AND REVERSE REPURCHASE AGREEMENTS

1. Promptly after each purchase of Securities by the Fund, other than a purchase of any Option, Futures Contract, Futures Contract Option or Reverse Repurchase Agreement, the Fund shall deliver to the Custodian (i) with respect to each purchase of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each purchase of Money Market Securities, a Certificate, Oral Instructions or Written Instructions, specifying with respect to each such purchase: (a) the name of the issuer and the title of the Securities; (b) the number of shares or the principal amount purchased and accrued interest, if any; (c) the date of purchase and settlement; (d) the purchase price per unit; (e) the total amount payable upon such purchase; (f) the name of the person from whom or the broker through whom the purchase was made, and the name of the Clearing broker, if any; and (g) the name of the broker to which payment is to be made. The Custodian shall, upon receipt of Securities purchased by or for the Fund, pay out of the moneys held for the account of the Fund the total amount payable to the person from whom, or the broker through whom, the purchase was made, provided that the same conforms to the total amount payable as set forth in such Certificate, Oral Instructions or Written Instructions.

2. Promptly after each sale of Securities by the Fund, other than a sale of any Option, Futures Contract, Futures

Contract Option or Reverse Repurchase Agreement, the Fund shall deliver to the Custodian (i) with respect to each sale of Securities which are not Money Market Securities, a Certificate, and (ii) with respect to each sale of Money Market Securities, a Certificate, Oral Instructions or Written Instructions, specifying with respect to each such sale: (a) the name of the issuer and the title of the Security; (b) the number of shares or principal amount sold, and accrued interest, if any; (c) the date of sale; (d) the sale price per unit; (e) the total amount payable to the Fund upon such sale; (f) the name of the broker through whom or the person to whom the sale was made, and the name of the clearing broker, if any; and (g) the name of the broker to whom the Securities are to be delivered. The Custodian shall deliver the Securities upon receipt of the total amount payable to the Fund upon such sale, provided that the same conforms to the total amount payable as set forth in such Certificate, Oral Instructions or Written Instructions. Subject to the foregoing, the Custodian may accept payment in such form as shall be satisfactory to it, and may deliver Securities and arrange for payment in accordance with the customs prevailing among dealers in Securities.

ARTICLE V

OPTIONS

1. Promptly after the purchase of any Option by the Fund, the Fund shall deliver to the Custodian a Certificate specifying with respect to each Option purchased: (a) the type of Option (put or call); (b) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options purchased; (c) the expiration date; (d) the exercise price; (e) the dates of purchase and settlement; (f) the total amount payable by the Fund in connection with such purchase; (g) the name of the Clearing Member through which such Option was purchased; and (h) the name of the broker to whom payment is to be made. The Custodian shall pay, upon receipt of a Clearing Member's statement confirming the purchase of such Option held by such Clearing Member for the account of the Custodian (or any duly appointed and registered nominee of the Custodian) as custodian for the Fund, out of moneys held for the account of the Fund, the total amount payable upon such purchase to the Clearing Member through whom the purchase was made, provided that the same conforms to the total amount payable as set forth in such Certificate.

2. Promptly after the sale of any Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver

to the Custodian a Certificate specifying with respect to each such sale: (a) the type of Option (put or call); (b) the name of the issuer and the title and number of shares subject to such Option or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Stock Index Options sold; (c) the date of sale; (d) the sale price; (e) the date of settlement; (f) the total amount payable to the Fund upon such sale; and (g) the name of the Clearing Member through which the sale was made. The Custodian shall consent to the delivery of the Option sold by the Clearing Member which previously supplied the confirmation described in preceding paragraph 1 of this Article with respect to such Option against payment to the Custodian of the total amount payable to the Fund, provided that the same conforms to the total amount payable as set forth in such Certificate.

3. Promptly after the exercise by the Fund of any Call Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Call Option: (a) the name of the issuer and the title and number of shares subject to the Call Option; (b) the expiration date; (c) the date of exercise and settlement; (d) the exercise price per share; (e) the total amount to be paid by the Fund upon such exercise; and (f) the name of the Clearing Member through which such Call Option was exercised. The Custodian shall, upon receipt of the Securities underlying the Call Option which was exercised, pay out of the moneys held for the account of the Fund the total amount payable to the Clearing Member through whom the Call Option was exercised, provided that the same conforms to the total amount payable as set forth in such Certificate.

4. Promptly after the exercise by the Fund of any Put Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the name of the issuer and the title and number of shares subject to the Put Option; (b) the expiration date; (c) the date of exercise and settlement; (d) the exercise price per share; (e) the total amount to be paid to the Fund upon such exercise; and (f) the name of the Clearing Member through which such Put Option was exercised. The Custodian shall, upon receipt of the amount payable upon the exercise of the Put Option, deliver or direct the Depository to deliver the Securities, provided the same conforms to the amount payable to the Fund as set forth in such Certificate.

5. Promptly after the exercise by the Fund of any Stock Index Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) the type of Stock Index Option (put or call); (b) the number of

Options being exercised; (c) the stock index to which such Option relates; (d) the expiration date; (e) the exercise price; (f) the total amount to be received by the Fund in connection with such exercise; and (g) the Clearing Member from which such payment is to be received.

6. Whenever the Fund writes a Covered Call Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Covered Call Option: (a) the name of the issuer and the title and number of shares for which the Covered Call Option was written and which underlie the same; (b) the expiration date; (c) the exercise price; (d) the premium to be received by the Fund; (e) the date such Covered Call Option was written; and (f) the name of the Clearing Member through which the premium is to be received. The Custodian shall deliver or cause to be delivered, in exchange for receipt of the premium specified in the Certificate with respect to such Covered Call Option, such receipts as are required in accordance with the customs prevailing among Clearing Members dealing in Covered Call Options and shall impose, or direct the Depository to impose, upon the underlying Securities specified in the Certificate such restrictions as may be required by such receipts. Notwithstanding the foregoing, the Custodian has the right, upon prior written notification to the Fund, at any time to refuse to issue any receipts for Securities in the possession of the Custodian and not deposited with the Depository underlying a Covered Call Option.

7. Whenever a Covered Call Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Certificate instructing the Custodian to deliver, or to direct the Depository to deliver, the Securities subject to such Covered Call Option and specifying: (a) the name of the issuer and the title and number of shares subject to the Covered Call Option; (b) the Clearing Member to whom the underlying Securities are to be delivered; and (c) the total amount payable to the Fund upon such delivery. Upon the return and/or cancellation of any receipts delivered pursuant to paragraph 6 of this Article, the Custodian shall deliver, or direct the Depository to deliver, the underlying Securities as specified in the Certificate for the amount to be received as set forth in such Certificate.

8. Whenever the Fund writes a Put Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Put Option: (a) the name of the issuer and the title and number of shares for which the Put Option is written and which underlie the same; (b) the expiration date; (c) the exercise price; (d) the premium to be received by the Fund; (e) the date such Put Option is written; (f) the name of

the Clearing Member through which the premium is to be received and to whom a Put Option guarantee letter is to be delivered; (g) the amount of cash, and/or the amount and kind of Securities, if any, to be deposited in the Segregated Security Account; and (h) the amount of cash and/or the amount and kind of Securities to be deposited into the Collateral Account. The Custodian shall, after making the deposits into the Collateral Account specified in the Certificate, issue a Put Option guarantee letter substantially in the form utilized by the Custodian on the date hereof, and deliver the same to the Clearing Member specified in the Certificate against receipt of the premium specified in said Certificate. Notwithstanding the foregoing, the Custodian shall be under no obligation to issue any Put Option guarantee letter or similar document if it is unable to make any of the representations contained therein.

9. Whenever a Put Option written by the Fund and described in the preceding paragraph is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the name of the issuer and title and number of shares subject to the Put Option; (b) the Clearing Member from which the underlying Securities are to be received; (c) the total amount payable by the Fund upon such delivery; (d) the amount of cash and/or the amount and kind of Securities to be withdrawn from the Collateral Account; and (e) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account. Upon the return and/or cancellation of any Put Option guarantee letter or similar document issued by the Custodian in connection with such Put Option, the Custodian shall pay out of the moneys held for the account of the Fund the total amount payable to the Clearing Member specified in the Certificate as set forth in such Certificate, and shall make the withdrawals specified in such Certificate.

10. Whenever the Fund writes a Stock Index Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) whether such Stock Index Option is a put or a call; (b) the number of Options written; (c) the stock index to which such Option relates; (d) the expiration date; (e) the exercise price; (f) the Clearing Member through which such Option was written; (g) the premium to be received by the Fund; (h) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Segregated Security Account; (i) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Collateral Account; and (j) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Margin Account, and the name in which such account is to be or has been established. The Custodian shall, upon receipt of the premium specified in the Certificate, make

the deposits, if any, into the Segregated Security Account specified in the Certificate, and either (1) deliver such receipts, if any, which the Custodian has specifically agreed to issue, which are in accordance with the customs prevailing among Clearing Members in Stock Index Options and make the deposits into the Collateral Account specified in the Certificate, or (2) make the deposits into the Margin Account specified in the Certificate.

11. Whenever a Stock Index Option written by the Fund and described in the preceding paragraph of this Article is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Stock Index Option: (a) such information as may be necessary to identify the Stock Index Option being exercised; (b) the Clearing Member through which such Stock Index Option is being exercised; (c) the total amount payable upon such exercise, and whether such amount is to be paid by or to the Fund; (d) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Margin Account; and (e) the amount of cash and/or amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account and the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account. Upon the return and/or cancellation of the receipt, if any, delivered pursuant to the preceding paragraph of this Article, the Custodian shall pay to the Clearing Member specified in the Certificate the total amount payable, if any, as specified therein.

12. Whenever the Fund purchases any Option identical to a previously written Option described in paragraphs 6, 8 or 10 of this Article in a transaction expressly designated as a "Closing Purchase Transaction" in order to liquidate its position as a writer of an Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to the Option being purchased: (a) that the transaction is a Closing Purchase Transaction; (b) the name of the issuer and the title and number of shares subject to the Option, or, in the case of a Stock Index Option, the stock index to which such Option relates and the number of Options held; (c) the exercise price; (d) the premium to be paid by the Fund; (e) the expiration date; (f) the type of Option (put or call); (g) the date of such purchase; (h) the name of the Clearing Member to which the premium is to be paid; and (i) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Collateral Account, a specified Margin Account or the Segregated Security Account. Upon the Custodian's payment of the premium and the return and/or cancellation of any receipt issued pursuant to paragraphs 6, 8 or 10 of this Article with respect to the Option being liquidated through the Closing Purchase Transaction, the

Custodian shall remove, or direct the Depository to remove, the previously imposed restrictions on the Securities underlying the Call Option.

13. Upon the expiration or exercise of, or consummation of a Closing Purchase Transaction with respect to, any Option purchased or written by the Fund and described in this Article, the Custodian shall delete such Option from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and upon the return and/or cancellation of any receipts issued by the Custodian, shall make such withdrawals from the Collateral Account, the Margin Account and/or the Segregated Security Account as may be specified in a Certificate received in connection with such expiration, exercise, or consummation.

ARTICLE VI

FUTURES CONTRACTS

1. Whenever the Fund shall enter into a Futures Contract, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Futures Contract (or with respect to any number of identical Futures Contract(s)): (a) the category of Futures Contract (the name of the underlying stock index or financial instrument); (b) the number of identical Futures Contracts entered into; (c) the delivery or settlement date of the Futures Contract(s); (d) the date the Futures Contract(s) was (were) entered into and the maturity date; (e) whether the Fund is buying (going long) or selling (going short) on such Futures Contract(s); (f) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the segregated Security Account; (g) the name of the broker, dealer or futures commission merchant through which the Futures Contract was entered into; and (h) the amount of fee or commission, if any, to be paid and the name of the broker, dealer or futures commission merchant to whom such amount is to be paid. The Custodian shall make the deposits, if any, to the Margin Account in accordance with the terms and conditions of the Margin Account Agreement. The Custodian shall make payment of the fee or commission, if any, specified in the Certificate and deposit in the Segregated Security Account the amount of cash and/or the amount and kind of Securities specified in said Certificate.

2. (a) Any variation margin payment or similar payment required to be made by the Fund to a broker, dealer or futures commission merchant with respect to an outstanding Futures Contract shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

(b) Any variation margin payment or similar payment from a broker, dealer or futures commission merchant to the Fund with respect to an outstanding Futures Contract shall be received and dealt with by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

3. Whenever a Futures Contract held by the custodian hereunder is retained by the Fund until delivery or settlement is made on such Futures Contract, the Fund shall deliver to the Custodian a Certificate specifying: (a) the Futures Contract; (b) with respect to a Stock Index Futures Contract, the total cash settlement amount to be paid or received, and with respect to a Financial Futures Contract, the Securities and/or amount of cash to be delivered or received; (c) the broker, dealer or futures commission merchant to or from which payment or delivery is to be made or received; and (d) the amount of cash and/or Securities to be withdrawn from the Segregated Security Account.

The Custodian shall make the payment or delivery specified in the Certificate and delete such Futures Contract from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein.

4. Whenever the Fund shall enter into a Futures Contract to offset a Futures Contract held by the Custodian hereunder, the Fund shall deliver to the Custodian a Certificate specifying: (a) the items of information required in a Certificate described in paragraph 1 of this Article, and (b) the Futures Contract being offset. The Custodian shall make payment of the fee or commission, if any, specified in the Certificate and delete the Futures Contract being offset from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and make such withdrawals from the segregated Security Account as may be specified in such Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

ARTICLE VII

FUTURES CONTRACT OPTIONS

1. Promptly after the purchase of any Futures Contract Option by the Fund, the Fund shall deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the type of Futures Contract Option (put or call); (b) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option purchased; (c) the

expiration date; (d) the exercise price; (e) the dates of purchase and settlement; (f) the amount of premium to be paid by the Fund upon such purchase; (g) the name of the broker or futures commission merchant through which such option was purchased; and (h) the name of the broker or futures commission merchant to whom payment is to be made. The Custodian shall pay the total amount to be paid upon such purchase to the broker or futures commission merchant through whom the purchase was made, provided that the same conforms to the amount set forth in such Certificate.

2. Promptly after the sale of any Futures Contract Option purchased by the Fund pursuant to paragraph 1 hereof, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such sale: (a) the type of Futures Contract Option (put or call); (b) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (c) the date of sale; (d) the sale price; (e) the date of settlement; (f) the total amount payable to the Fund upon such sale; and (g) the name of the broker or futures commission merchant through which the sale was made. The Custodian shall consent to the cancellation of the Futures Contract Option being closed against payment to the Custodian of the total amount payable to the Fund, provided the same conforms to the total amount payable as set forth in such Certificate.

3. Whenever a Futures Contract Option purchased by the Fund pursuant to paragraph 1 is exercised by the Fund, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the particular Futures Contract Option (put or call) being exercised; (b) the type of Futures Contract underlying the Futures Contract Option; (c) the date of exercise; (d) the name of the broker or futures commission merchant through which the Futures Contract Option is exercised; (e) the net total amount, if any, payable by the Fund; (f) the amount, if any, to be received by the Fund; and (g) the amount of cash and/or the amount and kind of Securities to be deposited in the Segregated Security Account. The Custodian shall make the payments, if any, and the deposits, if any, into the Segregated Security Account as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

4. Whenever the Fund writes a Futures Contract Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to such Futures Contract Option: (a) the type of Futures Contract Option (put or call); (b) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the

Futures Contract Option; (c) the expiration date; (d) the exercise price; (e) the premium to be received by the Fund; (f) the name of the broker or futures commission merchant through which the premium is to be received; and (g) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in the Segregated Security Account. The Custodian shall, upon receipt of the premium specified in the Certificate, make the deposits into the Segregated Security Account, if any, as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

5. Whenever a Futures Contract Option written by the Fund which is a call is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the particular Futures Contract Option exercised; (b) the type of Futures Contract underlying the Futures Contract Option; (c) the name of the broker or futures commission merchant through which such Futures Contract Option was exercised; (d) the net total amount, if any, payable to the Fund upon such exercise; (e) the net total amount, if any, payable by the Fund upon such exercise; and (f) the amount of cash and/or the amount and kind of Securities to be deposited in the Segregated Security Account. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in such Certificate make the payments, if any, and the deposits, if any, into the Segregated Security Account as specified in the Certificate. The deposits, if any, to be made to the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

6. Whenever a Futures Contract Option which is written by the Fund and which is a Put Option is exercised, the Fund shall promptly deliver to the Custodian a Certificate specifying: (a) the particular Futures Contract Option exercised; (b) the type of Futures Contract underlying such Futures Contract Option; (c) the name of the broker or futures commission merchant through which such Futures Contract Option is exercised; (d) the net total amount, if any, payable to the Fund upon such exercise; (e) the net total amount, if any, payable by the Fund upon such exercise; and (f) the amount and kind of Securities and/or cash to be withdrawn from or deposited in the Segregated Security Account, if any. The Custodian shall, upon its receipt of the net total amount payable to the Fund, if any, specified in the Certificate, make the payments, if any, and the deposits, if any, into the Segregated Security Account as specified in the Certificate. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

7. Whenever the Fund purchases any Futures Contract Option identical to a previously written Futures Contract Option described in this Article in order to liquidate its position as a writer of such Futures Contract Option, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to the Futures Contract Option being purchased: (a) that the transaction is a closing transaction; (b) the type of Futures Contract and such other information as may be necessary to identify the Futures Contract underlying the Futures Contract Option; (c) the exercise price; (d) the premium to be paid by the Fund; (e) the expiration date; (f) the name of the broker or futures commission merchant to which the premium is to be paid; and (g) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account. The Custodian shall effect the withdrawals from the Segregated Security Account specified in the Certificate. The withdrawals, if any, to be made from the Margin Account shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

8. Upon the expiration or exercise of, or consummation of a closing transaction with respect to, any Futures Contract Option written or purchased by the Fund and described in this Article, the Custodian shall (a) delete such Futures Contract Option from the statements delivered to the Fund pursuant to paragraph 3 of Article III herein, and (b) make such withdrawals from, and/or, in the case of an exercise, such deposits into, the Segregated Security Account as may be specified in a Certificate. The deposits to and/or withdrawals from the Margin Account, if any, shall be made by the Custodian in accordance with the terms and conditions of the Margin Account Agreement.

9. Futures Contracts acquired by the Fund through the exercise of a Futures Contract Option described in this Article shall be subject to Article VI hereof.

ARTICLE VIII

SHORT SALES

1. Promptly after any short sale, the Fund shall deliver to the Custodian a Certificate specifying: (a) the name of the issuer and the title of the Security; (b) the number of shares or principal amount sold, and accrued interest or dividends, if any; (c) the dates of the sale and settlement; (d) the sale price per unit; (e) the total amount credited to the Fund upon such sales, if any; (f) the amount of cash and/or the amount and kind of Securities, if any, which are to be deposited

in a Margin Account and the name in which such Margin Account has been or is to be established; (g) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Segregated Security Account; and (h) the name of the broker through which such short sale was made. The Custodian shall upon its receipt of a statement from such broker confirming such sale and that the total amount credited to the Fund upon such sale, if any, as specified in the Certificate is held by such broker for the account of the Custodian (or any nominee of the Custodian) as custodian of the Fund, issue a receipt or make the deposits into the Margin Account and the Segregated Security Account specified in the Certificate.

2. In connection with the closing-out of any short sale, the Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such closing-out: (a) the name of the issuer and the title of the Security; (b) the number of shares or the principal amount, and accrued interest or dividends, if any, required to effect such closing-out to be delivered to the broker; (c) the dates of the closing-out and settlement; (d) the purchase price per unit; (e) the net total amount payable to the Fund upon such closing-out; (f) the net total amount payable to the broker upon such closing-out; (g) the amount of cash and the amount and kind of Securities to be withdrawn, if any, from the Margin Account; (h) the amount of cash and/or the amount and kind of Securities, if any, to be withdrawn from the Segregated Security Account; and (i) the name of the broker through which the Fund is effecting such closing-out. The Custodian shall, upon receipt of the net total amount payable to the Fund upon such closing-out and the return and/or cancellation of the receipts, if any, issued by the custodian with respect to the short sale being closed-out, pay out of the moneys held for the account of the Fund to the broker the net total amount payable to the broker, and make the withdrawals from the Margin Account and the Segregated Security Account, as the same are specified in the Certificate.

ARTICLE IX

REVERSE REPURCHASE AGREEMENTS

1. Promptly after the Fund enters into a Reverse Repurchase Agreement with respect to Securities and money held by the Custodian hereunder, the Fund shall deliver to the Custodian a Certificate or in the event such Reverse Repurchase Agreement is a Honey Market Security, a Certificate, Oral Instructions or Written Instructions specifying: (a) the total amount payable to the Fund in connection with such Reverse Repurchase Agreement; (b) the broker or dealer through or with which the Reverse Repurchase Agreement is entered; (c) the

amount and kind of Securities to be delivered by the Fund to such broker or dealer; (d) the date of such Reverse Repurchase Agreement; and (e) the amount of cash and/or the amount and kind of Securities, if any, to be deposited in a Segregated Security Account in connection with such Reverse Repurchase Agreement. The Custodian shall, upon receipt of the total amount payable to the Fund specified in the Certificate, Oral Instructions or Written Instructions make the delivery to the broker or dealer, and the deposits, if any, to the Segregated Security Account, specified in such Certificate, Oral Instructions or Written Instructions.

2. Upon the termination of a Reverse Repurchase Agreement described in paragraph 1 of this Article, the Fund shall promptly deliver a Certificate or, in the event such Reverse Repurchase Agreement is a Money Market Security, a Certificate, Oral Instructions or Written Instructions to the Custodian specifying: (a) the Reverse Repurchase Agreement being terminated; (b) the total amount payable by the Fund in connection with such termination; (c) the amount and kind of Securities to be received by the Fund in connection with such termination; (d) the date of termination; (e) the name of the broker or dealer with or through which the Reverse Repurchase Agreement is to be terminated; and (f) the amount of cash and/or the amount and kind of Securities to be withdrawn from the Segregated Security Account. The Custodian shall, upon receipt of the amount and kind of Securities to be received by the Fund specified in the Certificate, Oral Instructions or Written Instructions, make the payment to the broker or dealer, and the withdrawals, if any, from the Segregated Security Account, specified in such Certificate, Oral Instructions or Written Instructions.

ARTICLE X

CONCERNING MARGIN ACCOUNTS, SEGREGATED SECURITY ACCOUNTS AND COLLATERAL ACCOUNTS

1. The Custodian shall, from time to time, make such deposits to, or withdrawals from, a Segregated Security Account as specified in a Certificate received by the Custodian. Such Certificate shall specify the amount of cash and/or the amount and kind of Securities to be deposited in, or withdrawn from, the Segregated Security Account. In the event that the Fund fails to specify in a Certificate the name of the issuer, the title and the number of shares or the principal amount of any particular Securities to be deposited by the Custodian into, or withdrawn from, a Segregated Securities Account, the Custodian shall be under no obligation to make any such deposit or withdrawal and shall so notify the Fund.

2. The Custodian shall make deliveries or payments from a Margin Account to the broker, dealer, futures commission merchant or Clearing Member in whose name, or for whose benefit, the account was established as specified in the Margin Account Agreement.

3. Amounts received by the Custodian as payments or distributions with respect to Securities deposited in any Margin Account shall be dealt with in accordance with the terms and conditions of the Margin Account Agreement.

4. The Custodian shall have a continuing lien and security interest in and to any property at any time held by the Custodian in any Collateral Account described herein. In accordance with applicable law, the Custodian may enforce its lien and realize on any such property whenever the Custodian has made payment or delivery pursuant to any Put Option guarantee letter or similar document or any receipt issued hereunder by the Custodian. In the event the Custodian should realize on any such property net proceeds which are less than the Custodian's obligations under any Put Option guarantee letter or similar document or any receipt, such deficiency shall be a debt owed the Custodian by the Fund within the scope of Article XIII herein.

5. On each business day, the Custodian shall furnish the Fund with a statement with respect to each Margin Account in which money or Securities are held specifying as of the close of business on the previous business day: (a) the name of the Margin Account; (b) the amount and kind of Securities held therein; and (c) the amount of money held therein. The Custodian shall make available upon request to any broker, dealer or futures commission merchant specified in the name of a Margin Account a copy of the statement furnished the Fund with respect to such Margin Account.

6. Promptly after the close of business on each business day in which cash and/or Securities are maintained in a Collateral Account, the Custodian shall furnish the Fund with a Statement with respect to such Collateral Account specifying the amount of cash and/or the amount and kind of Securities held therein. No later than the close of business next succeeding the delivery to the Fund of such statement, the Fund shall furnish to the Custodian a Certificate or Written Instructions specifying the then market value of the securities described in such statement. In the event such then market value is indicated to be less than the Custodian's obligation with respect to any outstanding Put Option, guarantee letter or similar document, the Fund shall promptly specify in a Certificate the additional cash and/or Securities to be

deposited in such Collateral Account to eliminate such deficiency.

ARTICLE XI

PAYMENT OF DIVIDENDS OR DISTRIBUTIONS

1. The Fund shall furnish to the Custodian a copy of the resolution of the Directors, certified by the Secretary or any Assistant Secretary, either (i) setting forth the date of the declaration of a dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per share to the shareholders of record as of that date and the total amount payable to the Dividend Agent of the Fund on the payment date, or (ii) authorizing the declaration of dividends and distributions on a daily basis and authorizing the Custodian to rely on Oral Instructions, Written Instructions or a Certificate setting forth the date of the declaration of such dividend or distribution, the date of payment thereof, the record date as of which shareholders entitled to payment shall be determined, the amount payable per share to the shareholders of record as of that date and the total amount payable to the Dividend Agent on the payment date.

2. Upon the payment date specified in such resolution, Oral Instructions, Written Instructions or Certificate, as the case may be, the Custodian shall pay out of the moneys held for the account of the Fund the total amount payable to the Dividend Agent of the Fund.

ARTICLE XII

SALE AND REDEMPTION OF SHARES OF COMMON STOCK

1. Whenever the Fund shall sell any of its Shares, it shall deliver to the Custodian a Certificate duly specifying:

(a) The number of Shares sold, trade date, and price;
and

(b) The amount of money to be received by the Custodian for the sale of such Shares.

2. Upon receipt of such money from the Transfer Agent, the Custodian shall credit such money to the account of the Fund.

3. Upon issuance of any of the Fund's Shares in

accordance with the foregoing provisions of this Article, the Custodian shall pay, out of the money held for the account of the Fund, all original issue or other taxes required to be paid by the Fund in connection with such issuance upon the receipt of a Certificate specifying the amount to be paid.

4. Except as provided hereinafter, whenever the Fund shall hereafter redeem any of its Shares, it shall furnish to the Custodian a Certificate specifying:

- (a) The number of Shares redeemed; and
- (b) The amount to be paid for the Shares redeemed.

5. Upon receipt from the Transfer Agent of an advice setting forth the number of Shares received by the Transfer Agent for redemption and that such Shares are valid and in good form for redemption, the Custodian shall make payment to the Transfer Agent out of the moneys held for the account of the Fund of the total amount specified in the Certificate issued pursuant to the foregoing paragraph 4 of this Article.

6. Notwithstanding the above provisions regarding the redemption of any of the Fund's Shares, whenever its Shares are redeemed pursuant to any check redemption privilege which may from time to time be offered by the Fund, the Custodian, unless otherwise instructed by a Certificate, shall, upon receipt of an advice from the Fund or its agent setting forth that the redemption is in good form for redemption in accordance with the check redemption procedure, honor the check presented as part of such check redemption privilege out of the money held in the account of the Fund for such purposes.

ARTICLE XIII

OVERDRAFTS OR INDEBTEDNESS

1. If the Custodian should in its sole discretion advance funds on behalf of the Fund which results in an overdraft because the moneys held by the Custodian for the account of the Fund shall be insufficient to pay the total amount payable upon a purchase of Securities as set forth in a Certificate or Oral Instructions issued pursuant to Article IV, or which results in an overdraft for some other reason, or if the Fund is for any other reason indebted to the Custodian (except a borrowing for investment or for temporary or emergency purposes using Securities as collateral pursuant to a separate agreement and subject to the provisions of paragraph 2 of this Article XIII), such overdraft or indebtedness shall be deemed to be a loan made by the Custodian to the Fund payable on demand

and shall bear interest from the date incurred at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds Rate plus 1/2%, such rate to be adjusted on the effective date of any change in such Federal Funds Rate but in no event to be less than 6% per annum, except that any overdraft resulting from an error by the Custodian shall bear no interest. Any such overdraft or indebtedness shall be reduced by an amount equal to the total of all amounts due the Fund which have not been collected by the Custodian on behalf of the Fund when due because of the failure of the Custodian to make timely demand or presentment for payment. In addition, the Fund hereby agrees that the Custodian shall have a continuing lien and security interest in and to any property at any time held by it for the benefit of the Fund or in which the Fund may have an interest which is then in the Custodian's possession or control or in possession or control of any third party acting in the Custodian's behalf. The Fund authorizes the Custodian, in its sole discretion, at any time to charge any such overdraft or indebtedness together with interest due thereon against any balance of account standing to the Fund's credit on the Custodian's books. For purposes of this Section 1 of Article XIII, "overdraft" shall mean a negative Available Balance.

2. The Fund will cause to be delivered to the Custodian by any bank (including, if the borrowing is pursuant to a separate agreement, the Custodian) from which it borrows money for investment or for temporary or emergency purposes using Securities as collateral for such borrowings, a notice or undertaking in the form currently employed by any such bank setting forth the amount which such bank will loan to the Fund against delivery of a stated amount of collateral. The Fund shall promptly deliver to the Custodian a Certificate specifying with respect to each such borrowing: (a) the name of the bank; (b) the amount and terms of the borrowing, which may be set forth by incorporating by reference an attached promissory note, duly endorsed by the Fund, or other loan agreement; (c) the time and date, if known, on which the loan is to be entered into; (d) the date on which the loan becomes due and payable; (e) the total amount payable to the Fund on the borrowing date; (f) the market value of Securities to be delivered as collateral for such loan, including the name of the issuer, the title and the number of shares or the principal amount of any particular Securities; and (g) a statement specifying whether such loan is for investment purposes or for temporary or emergency purposes and that such loan is in conformance with the Investment Company Act of 1940 and the Fund's prospectus. The Custodian shall deliver on the borrowing date specified in a Certificate the specified collateral and the executed promissory note, if any, against delivery by the lending bank of the total amount of the loan payable, provided that the same conforms to the total

amount payable as set forth in the Certificate. The Custodian may, at the option of the lending bank, keep such collateral in its possession, but such collateral shall be subject to all rights therein given the lending bank by virtue of any promissory note or loan agreement. The Custodian shall deliver such Securities as additional collateral as may be specified in a Certificate to collateralize further any transaction described in this paragraph. The Fund shall cause all Securities released from collateral status to be returned directly to the Custodian, and the Custodian shall receive from time to time such return of collateral as may be tendered to it. In the event that the Fund fails to specify in a Certificate the name of the issuer, the title and number of shares or the principal amount of any particular Securities to be delivered as collateral by the Custodian, the Custodian shall not be under any obligation to deliver any Securities.

ARTICLE XIV

LOAN OF PORTFOLIO SECURITIES OF THE FUND

1. If the Fund is permitted by the terms of its Articles of Incorporation and as disclosed in its most recent and currently effective prospectus to lend its portfolio Securities, within 24 hours after each loan of portfolio Securities the Fund shall deliver or cause to be delivered to the Custodian a Certificate specifying with respect to each such loan: (a) the name of the issuer and the title of the Securities; (b) the number of shares or the principal amount loaned; (c) the date of loan and delivery; (d) the total amount to be delivered to the Custodian against the loan of the Securities, including the amount of cash collateral and the premium, if any, separately identified; and (e) the name of the broker, dealer or financial institution to which the loan was made. The Custodian shall deliver the Securities thus designated to the broker, dealer or financial institution to which the loan was made upon receipt of the total amount designated as to be delivered against the loan of Securities. The Custodian may accept payment in connection with a delivery otherwise than through the Book-Entry System or Depository only in the form of a certified or bank cashier's check payable to the order of the Fund or the Custodian drawn on New York Clearing House funds and may deliver Securities in accordance with the customs prevailing among dealers in securities.

2. Promptly after each termination of the loan of Securities by the Fund, the Fund shall deliver or cause to be delivered to the Custodian a Certificate specifying with respect to each such loan termination and return of Securities: (a) the name of the issuer and the title of the Securities to be

returned; (b) the number of shares or the principal amount to be returned; (c) the date of termination; (d) the total amount to be delivered by the Custodian (including the cash collateral for such Securities minus any offsetting credits as described in said Certificate); and (e) the name of the broker, dealer or financial institution from which the Securities will be returned. The Custodian shall receive all Securities returned from the broker, dealer, or financial institution to which such Securities were loaned and upon receipt thereof shall pay, out of the moneys held for the account of the Fund, the total amount payable upon such return of Securities as set forth in the Certificate.

ARTICLE XV

CONCERNING THE CUSTODIAN

1. Except as hereinafter provided, neither the Custodian nor its nominee shall be liable for any loss or damage, including counsel fees, resulting from its action or omission to act or otherwise, either hereunder or under any Margin Account Agreement, except for any such loss or damage arising out of its own negligence or willful misconduct. The Custodian may, with respect to questions of law arising hereunder or under any Margin Account Agreement, apply for and obtain the advice and opinion of counsel to the Fund or of its own counsel, at the expense of the Fund, and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice or opinion. The Custodian shall be liable to the Fund for any loss or damage resulting from the use of the Book-Entry System or any Depository arising by reason of any negligence, misfeasance or willful misconduct on the part of the Custodian or any of its employees or agents.

2. Without limiting the generality of the foregoing, the Custodian shall be under no obligation to inquire into, and shall not be liable for:

(a) The validity of the issue of any Securities purchased, sold or written by or for the Fund, the legality of the purchase, sale or writing thereof, or the propriety of the amount paid or received therefor;

(b) The legality of the issue or sale of any of the Fund's Shares, or the sufficiency of the amount to be received therefor;

(c) The legality of the redemption of any of the Fund's Shares, or the propriety of the amount to be paid therefor;

(d) The legality of the declaration or payment of any dividend by the Fund;

(e) The legality of any borrowing by the Fund using Securities as collateral;

(f) The legality of any loan of portfolio Securities pursuant to Article XIV of this Agreement, nor shall the Custodian be under any duty or obligation to see to it that any cash collateral delivered to it by a broker, dealer or financial institution or held by it at any time as a result of such loan of portfolio Securities of the Fund is adequate collateral for the Fund against any loss it might sustain as a result of such loan. The Custodian specifically, but not by way of limitation, shall not be under any duty or obligation periodically to check or notify the Fund that the amount of such cash collateral held by it for the Fund is sufficient collateral for the Fund, but such duty or obligation shall be the sole responsibility of the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer or financial institution to which portfolio Securities of the Fund are lent pursuant to Article XIV of this Agreement makes payment to it of any dividends or interest which are payable to or for the account of the Fund during the period of such loan or at the termination of such loan, provided, however, that the Custodian shall promptly notify the Fund in the event that such dividends or interest are not paid and received when due; or

(g) The sufficiency or value of any amounts of money and/or Securities held in any Margin Account, Segregated Security Account or Collateral Account in connection with transactions by the Fund. In addition, the Custodian shall be under no duty or obligation to see that any broker, dealer, futures commission merchant or Clearing Member makes payment to the Fund of any variation margin payment or similar payment which the Fund may be entitled to receive from such broker, dealer, futures commission merchant or Clearing Member, to see that any payment received by the Custodian from any broker, dealer, futures commission merchant or Clearing Member is the amount the Fund is entitled to receive, or to notify the Fund of the Custodian's receipt or non-receipt of any such payment; provided however that the Custodian, upon the Fund's written request, shall, as Custodian, demand from any broker, dealer, futures commission merchant or Clearing Member identified by the Fund the payment of any variation margin payment or similar payment that the Fund asserts it is entitled to receive pursuant to the terms of a Margin Account Agreement or otherwise from such broker, dealer, futures commission merchant or Clearing Member.

3. The Custodian shall not be liable for, or considered to be the Custodian of, any money, whether or not represented by any check, draft or other instrument for the payment of money, received by it on behalf of the Fund until the Custodian actually receives and collects such money directly or by the final crediting of the account representing the Fund's interest at the Book-Entry System or the Depository.

4. The Custodian shall have no responsibility and shall not be liable for ascertaining or acting upon any calls, conversions, exchange, offers, tenders, interest rate changes or similar matters relating to Securities held in the Depository, unless the Custodian shall have actually received timely notice from the Depository. In no event shall the Custodian have any responsibility or liability for the failure of the Depository to collect, or for the late collection or late crediting by the Depository of any amount payable upon Securities deposited in the Depository which may mature or be redeemed, retired, called or otherwise become payable. However, upon receipt of a Certificate from the Fund of an overdue amount on Securities held in the Depository, the Custodian shall make a claim against the Depository on behalf of the Fund, except that the Custodian shall not be under any obligation to appear in, prosecute or defend any action, suit or proceeding in respect to any Securities held by the Depository which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense and liability be furnished as often as may be required.

5. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount due to the Fund from the Transfer Agent of the Fund nor to take any action to effect payment or distribution by the Transfer Agent of the Fund of any amount paid by the Custodian to the Transfer Agent of the Fund in accordance with this Agreement.

6. The Custodian shall not be under any duty or obligation to take action to effect collection of any amount, if the Securities upon which such amount is payable are in default, or if payment is refused after due demand or presentation, unless and until (i) it shall be directed to take such action by a Certificate and (ii) it shall be assured to its satisfaction of reimbursement of its costs and expenses in connection with any such action.

7. The Custodian may appoint one or more banking institutions as Depository or Depositories or as Sub-Custodian or Sub-Custodians, including, but not limited to, banking institutions located in foreign countries, of Securities and moneys at any time owned by the Fund, upon terms and conditions approved in a Certificate, which shall, if requested by the

Custodian, be accompanied by an approving resolution of the Fund's Board of Directors adopted in accordance with Rule 17f-5 under the Investment Company Act of 1940, as amended.

8. The Custodian shall not be under any duty or obligation to ascertain whether any Securities at any time delivered to or held by it for the account of the Fund are such as properly may be held by the Fund under the provisions of its Articles of Incorporation.

9. (a) The Custodian shall be entitled to receive and the Fund agrees to pay to the Custodian all reasonable out-of-pocket expenses and such compensation and fees as are specified on Schedule A hereto. The Custodian shall not deem amounts payable in respect of foreign custodial services to be out-of-pocket expenses, it being the parties' intention that all fees for such services shall be as set forth on Schedule B hereto and shall be provided for the term of this Agreement without any automatic or unilateral increase. The Custodian shall have the right to unilaterally increase the figures on Schedule A on or after March 1, 1991 and on or after each succeeding March 1 thereafter by an amount equal to 50% of the increase in the Consumer Price Index for the calendar year ending on the December 31 immediately preceding the calendar year in which such March 1 occurs, provided, however, that during each such annual period commencing on a March 1, the aggregate increase during such period shall not be in excess of 10%. Any increase by the Custodian shall be specified in a written notice delivered to the Fund at least thirty days prior to the effective date of the increase. The Custodian may charge such compensation and any expenses incurred by the Custodian in the performance of its duties pursuant to such agreement against any money held by it for the account of the Fund. The Custodian shall also be entitled to charge against any money held by it for the account of the Fund the amount of any loss, damage, liability or expense, including counsel fees, for which it shall be entitled to reimbursement under the provisions of this Agreement. The expenses which the Custodian may charge against the account of the Fund include, but are not limited to, the expenses of Sub-Custodians and foreign branches of the Custodian incurred in settling outside of New York City transactions involving the purchase and sale of Securities of the Fund.

(b) The Fund shall receive a credit for each calendar month against such compensation and fees of the Custodian as may be payable by the Fund with respect to such calendar month in an amount equal to the aggregate of its Earnings Credit for such calendar month. In no event may any Earnings Credits be carried forward to any fiscal year other than the fiscal year in which it was earned, or, unless permitted by applicable law, transferred to, or utilized by, any

other person or entity, provided that any such transferred Earnings Credit can be used only to offset compensation and fees of the Custodian for services rendered to such transferee and cannot be used to pay the Custodian's out-of-pocket expenses. For purposes of this subsection (b), the Fund is permitted to transfer Earnings Credits only to The Dreyfus Corporation, its affiliates and/or any investment company now or in the future sponsored by The Dreyfus Corporation or any of its affiliates or for which The Dreyfus Corporation or any of its affiliates acts as the sole investment adviser or as the principal distributor, and Daiwa Money Fund Inc. For purposes of this sub-section (b), a fiscal year shall mean the twelve-month period commencing on the effective date of this Agreement and on each anniversary thereof.

10. The Custodian shall be entitled to rely upon any Certificate, notice or other instrument in writing received by the Custodian and reasonably believed by the Custodian to be a Certificate. The Custodian shall be entitled to rely upon any Oral Instructions and any Written Instructions actually received by the Custodian pursuant to Article IV or XI hereof. The Fund agrees to forward to the Custodian a Certificate or facsimile thereof, confirming such Oral Instructions or Written Instructions in such manner so that such Certificate or facsimile thereof is received by the Custodian, whether by hand delivery, telex or otherwise, by the close of business of the same day that such Oral Instructions or Written Instructions are given to the Custodian. The Fund agrees that the fact that such confirming instructions are not received by the Custodian shall in no way affect the validity of the transactions or enforceability of the transactions hereby authorized by the Fund. The Fund agrees that the Custodian shall incur no liability to the Fund in acting upon Oral Instructions given to the Custodian hereunder concerning such transactions, provided such instructions reasonably appear to have been received from an Authorized Person.

11. The Custodian shall be entitled to rely upon any instrument, instruction or notice received by the Custodian and reasonably believed by the Custodian to be given in accordance with the terms and conditions of any Margin Account Agreement. Without limiting the generality of the foregoing, the Custodian shall be under no duty to inquire into, and shall not be liable for, the accuracy of any statements or representations contained in any such instrument or other notice including, without limitation, any specification of any amount to be paid to a broker, dealer, futures commission merchant or Clearing Member.

12. The books and records pertaining to the Fund which are in the possession of the Custodian shall be the property of the Fund. Such books and records shall be prepared

and maintained as required by the Investment Company Act of 1940, as amended, and other applicable securities laws and rules and regulations. The Fund, or the Fund's authorized representatives, shall have access to such books and records during the Custodian's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Custodian to the Fund or the Fund's authorized representative at the Fund's expense.

13. The Custodian shall provide the Fund with any report obtained by the Custodian on the system of internal accounting control of the Book-Entry System or the Depository, or O.C.C., and with such reports on its own systems of internal accounting control as the Fund may reasonably request from time to time.

14. The Fund agrees to indemnify the Custodian against and save the Custodian harmless from all liability, claims, losses and demands whatsoever, including attorney's fees, howsoever arising or incurred because of or in connection with the Custodian's payment or non-payment of checks pursuant to paragraph 6 of Article XII as part of any check redemption privilege program of the Fund, except for any such liability, claim, loss and demand arising out of the Custodian's own negligence or willful misconduct.

15. Subject to the foregoing provisions of this Agreement, the Custodian may deliver and receive Securities, and receipts with respect to such Securities, and arrange for payments to be made and received by the Custodian in accordance with the customs prevailing from time to time among brokers or dealers in such Securities.

16. The Custodian shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied in this Agreement against the Custodian.

ARTICLE XVI

TERMINATION

1. (a) Except as provided in subparagraphs (b), (c) and (d) herein, neither party may terminate this Agreement until the earlier of the following: (i) August 31, 1993, and (ii) the third anniversary of the earliest date on which none of the companies listed on Schedule C hereto is a transfer agency customer of the Custodian. Any such termination may be effected only by the terminating party giving to the other party a notice

in writing specifying the date of such termination, which shall be not less than two hundred seventy (270) days after the date of giving of such notice.

(b) The Fund may at any time terminate this Agreement if the Custodian has materially breached its obligations under this Agreement and such breach has remained uncured for a period of thirty days after the Custodian's receipt from the Fund of written notice specifying such breach.

(c) Either party, immediately upon written notice to the other party, may terminate this Agreement upon the Merger or Bankruptcy of the other party.

(d) The Fund may at any time terminate this Agreement if the Custodian has materially breached its obligations under the "Amendment to Transfer Agency Agreements" dated August 18, 1989 and has not cured such breach as promptly as practicable and in any event within seven days of its receipt of written notice of such breach, provided that the Custodian shall not be permitted to cure any such material breach arising from the willful misconduct of the Custodian.

In the event notice of termination is given by the Fund, it shall be accompanied by a copy of a resolution of the Directors of the Fund, certified by the Secretary or any Assistant Secretary, electing to terminate this Agreement and designating a successor custodian or custodians, each of which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. In the event notice of termination is given by the Custodian, the Fund shall, on or before the termination date, deliver to the Custodian a copy of a resolution of its Directors, certified by the Secretary or any Assistant Secretary, designating a successor custodian or custodians. In the absence of such designation by the Fund, the Custodian may designate a successor custodian which shall be a bank or trust company having not less than \$2,000,000 aggregate capital, surplus and undivided profits. Upon the date set forth in such notice, this Agreement shall terminate and the Custodian shall, upon receipt of a notice of acceptance by the successor custodian, on that date deliver directly to the successor custodian all Securities and moneys then owned by the Fund and held by it as Custodian, after deducting all fees, expenses and other amounts for the payment or reimbursement of which it shall then be entitled.

2. If a successor custodian is not designated by the Fund or the Custodian in accordance with the preceding paragraph, the Fund shall, upon the date specified in the notice of termination of this Agreement and upon the delivery by the Custodian of all Securities (other than Securities held in the

Book-Entry System which cannot be delivered to the Fund) and moneys then owned by the Fund, be deemed to be its own custodian, and the Custodian shall thereby be relieved of all duties and responsibilities pursuant to this Agreement, other than the duty with respect to Securities held in the Book-Entry System, in any Depository or by a Clearing Member which cannot be delivered to the Fund, to hold such Securities hereunder in accordance with this Agreement.

ARTICLE XVII

MISCELLANEOUS

1. Annexed hereto as Appendix A is a Certificate signed by two of the present Officers of the Fund under its seal, setting forth the names and the signatures of the present Authorized Persons. The Fund agrees to furnish to the Custodian a new Certificate in similar form in the event that any such present Authorized Person ceases to be an Authorized Person or in the event that other or additional Authorized Persons are elected or appointed. Until such new Certificate shall be received, the Custodian shall be fully protected in acting under the provisions of this Agreement upon Oral Instructions or signatures of the present Authorized Persons as set forth in the last delivered Certificate.

2. Annexed hereto as Appendix B is a Certificate signed by two of the present Officers of the Fund under its seal, setting forth the names and the signatures of the present Officers of the Fund. The Fund agrees to furnish to the Custodian a new Certificate in similar form in the event any such present Officer ceases to be an Officer of the Fund, or in the event that other or additional Officers are elected or appointed. Until such new Certificate shall be received, the Custodian shall be fully protected in acting under the provisions of this Agreement upon the signatures of the Officers as set forth in the last delivered Certificate.

3. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Custodian, shall be sufficiently given if addressed to the Custodian and mailed or delivered to it at its offices at 90 Washington Street, New York, New York 10015, or at such other place as the Custodian may from time to time designate in writing.

4. Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Fund, shall be sufficiently given if addressed to the Fund and mailed or delivered to it at its office at 666 Old Country Road,

Garden City, New York 11530, or at such other place as the Fund may from time to time designate in writing.

5. This Agreement may not be amended or modified in any manner except by a written agreement executed by both parties with the same formality as this Agreement and approved by a resolution of the Directors of the Fund.

6. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by the Fund without the written consent of the Custodian, or by the Custodian without the written consent of the Fund, authorized or approved by a resolution of its Directors.

7. This Agreement shall be construed in accordance with the laws of the State of New York.

8. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

9. This Agreement shall not be effective on the date hereof and instead shall become effective on January 1, 1990. When effective, this Agreement shall supercede the then-existing Custody Agreement between the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective Officers, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, as of the day and year first above written.

DREYFUS GNMA FUND, INC.

By:/s/John Pyburn
John Pyburn, Treasurer

Attest:

/s/Robert I. Frenkel
Robert I. Frenkel

THE BANK OF NEW YORK

By:/s/Donald Colby
Donald Colby

Attest:

/s/Jean M. Sweeney
Jean M. Sweeney

Appendix A

DREYFUS GNMA FUND, INC.

AUTHORIZED SIGNATORIES:
CASH ACCOUNT AND/OR CUSTODIAN
ACCOUNT FOR PORTFOLIO SECURITIES
TRANSACTIONS

Group I

Group II

All current Fund officers, Paul Casti, Jr. Alan Eisner Frank Greene, John Bale, Jeffrey Nachman Lawrence Greene William Maeder, John Pyburn Julian Smerling Lisa Parrett and William Joseph DiMartino Thomas Durante McDowell Robert Dubuss James Windels Joseph Connolly Paul Molloy Gregory Gruber
Cash Account

1. Fees payable to The Bank of New York pursuant to written agreement with the Fund for services rendered in its capacity as Custodian or agent of the Fund, or to The Shareholder Services Group, Inc. in its capacity as Transfer Agent or agent of the Fund:
Two (2) signatures required, one of which must be from Group II, except that an officer of the Fund who also is listed in Group II shall sign only once.
2. Other expenses of the Fund, \$5,000 and under:
Any combination of two (2) signatures from either Group I or Group II, or both such Groups, except that an officer of the Fund who also is listed in Group II shall sign only once.
3. Other expenses of the Fund, over \$5,000 but not over \$25,000:
Two (2) signatures required, one of which must be from Group II, except that an officer of the Fund who also is listed in Group II shall sign only once.
4. Other expenses of the Fund, over \$25,000:
Two (2) signatures required, one from Group I or Group II, including any one of the following: Paul Casti, Jr., James Windels, Jeffrey Nachman, John Pyburn or Alan Eisner, except that no

individual shall be authorized to sign more than once.

Custodian Account for Portfolio Securities Transactions

Two (2) signatures required from any of the following:

All current Fund officers, and Joseph DiMartino, Robert Dubuss, Alan Eisner, Lawrence Greene, Julian Smerling, Paul Casti, Jr., Scott Hyndman, William Maeder, Lori McNab, Peter Sutton, James Windels, Nadja Bendouro, Michael Stalzer, William McDowell, Lisa Parrett and James Windels.

DREYFUS GNMA FUND, INC.
AMENDED AND RESTATED CUSTODY AGREEMENT
APPENDIX B

The undersigned Officers of the Fund do hereby certify that the following individuals, whose specimen signatures are on file with The Bank of New York, have been duly elected or appointed by the Fund's Board to the position set forth opposite their names and have qualified therefor:

Name	Position
Joseph S. DiMartino	President and Investment Officer
Ina G. Goodman	Vice President and Investment Officer
Barbara L. Kenworthy	Vice President and Investment Officer
Daniel C. Maclean	Vice President
John J. Pyburn	Treasurer
Jeffrey N. Nachman	Controller
Mark N. Jacobs	Secretary
Robert I. Frenkel	Assistant Secretary
Christine Pavalos	Assistant Secretary

/s/Mark N. Jacobs
Title: Secretary

/s/John J. Pyburn
Title: Treasurer

APPENDIX C

The following are designated publications for purposes of paragraph 5(b) of Article III:

The Bond Buyer
Depository Trust Company Notices
Financial Daily Card Service
New York Times
Standard & Poor's Called Bond Record
Wall Street Journal

Schedule A

The fees payable to the Custodian with respect to securities held in domestic custody are annexed hereto.

DREYFUS GNMA FUND, INC.

Domestic Custody Fees

Basic Fee: 1/100th of 1% per annum of the total market value of domestic securities held.

Custodial Transactions:

\$15.00 per transaction for physical settlements.

\$10.00 per transaction for book entry settlements.

\$40.00 for any receipt, delivery or redemption of a Euro Dollar CD for which BNY's London branch is utilized for settlement and safekeeping.

\$5.00 future maintenance margin.

\$15.00 per transaction for collection of monthly principal and interest payments on the GNMA pools held by the Fund.

\$15.00 for GNMA settlements.

\$200.00 for the collection of interest on securities held in "street name."

Schedule B

The fees payable to the Custodian with respect to securities held in foreign custody are as set forth in a letter

dated August 10, 1989 from Masao Yamaguchi of The Bank of New York to Kevin Flood of Dreyfus Service Corporation, a copy of which is annexed hereto.

The above foreign custody fees apply to the following Global Custody Network countries:

- | | |
|-------------|-------------------|
| 1.Australia | 12.Japan |
| 2.Austria | 13.Luxembourg |
| 3.Belgium | 14.Malaysia |
| 4.Canada | 15.Netherlands |
| 5.Denmark | 16.New Zealand |
| 6.Finland | 17.Norway |
| 7.France | 18.Singapore |
| 8.Germany | 19.Spain |
| 9.Hong Kong | 20.Sweden |
| 10.Ireland | 21.Switzerland |
| 11.Italy | 22.United Kingdom |

[THE BANK OF NEW YORK LETTERHEAD]

August 10, 1989

Mr. Kevin Flood
Senior Vice President
The Dreyfus Corporation
222 Broadway, 7th Floor
New York, NY

Re: Global Custodian Fees

Dear Kevin:

This letter is to confirm our discussion regarding our Global Custody fee schedule. The fees will be calculated on a relationship basis with no annual minimum.

- Safekeeping/Income Collection/Capital Changes/Tax Reclamation/Daily Reporting/Monthly Summary

16 basis points per annum on the market value of securities held for all of your funds in our sub-custodian network, up to \$250 MM.

15 basis points on the next \$250 MM.

14 basis points on the next \$250 MM.

12 basis points on the excess.

- Securities Settlements

\$35 per transaction - includes our processing and the sub-custodians.

- Out-of-Pocket Expense

Telex, swift, telephone, securities registration, etc., are in addition to the above.

- We can provide centralized foreign exchange services. The above fee schedule is applicable to the 22 countries listed on Attachment I. Please note that expansion into other emerging markets/countries is possible, but would be covered under a separate agreement.

If you are in agreement with this fee schedule, please sign and return the enclosed copy of this letter.

Sincerely,

Masao Yamaguchi

Approved by: _____
Kevin Flood

Date: _____

MY:to

cc: The Bank of New York Dreyfus

F. Ricciardi J. Nachman

DREYFUS GNMA FUND, INC.

SERVICE PLAN

Introduction: It has been proposed that the above-captioned investment company (the "Fund") adopt a Service Plan (the "Plan") in accordance with Rule 12b-1, promulgated under the Investment Company Act of 1940, as amended (the "Act"). Under the Plan, the Fund would pay for the costs and expenses of preparing, printing and distributing its prospectuses and statements of additional information, and would (a) reimburse the Fund's distributor (the "Distributor") for payments to third parties for distributing the Fund's shares and servicing shareholder accounts ("Servicing") (the payments in this clause (a) being referred to as the "Distributor Payments") and (b) pay The Dreyfus Corporation, Dreyfus Service Corporation and any affiliate of either of them (collectively, "Dreyfus") for advertising and marketing relating to the Fund and for Servicing (the payments in this clause (b) being referred to as "Dreyfus Payments"). If this proposal is to be implemented, the Act and said Rule 12b-1 require that a written plan describing all material aspects of the proposed financing be adopted by the Fund.

The Fund's Board, in considering whether the Fund should implement a written plan, has requested and evaluated such information as it deemed necessary to an informed determination as to whether a written plan should be implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes.

In voting to approve the implementation of such a plan, the Board members have concluded, in the exercise of their reasonable business judgment and in light of their respective fiduciary duties, that there is a reasonable likelihood that the plan set forth below will benefit the Fund and its shareholders.

The Plan: The material aspects of this Plan are as follows:

1. The Fund shall pay all costs of preparing and printing prospectuses and statements of additional information for regulatory purposes and for distribution to existing shareholders. The Fund also shall pay an amount of the costs and expenses in connection with (a) preparing, printing and distributing the Fund's prospectuses and statements of additional information used for other purposes and (b) implementing and operating this Plan, such aggregate amount not to exceed in any fiscal year of the Fund the greater of \$100,000 or .005 of 1% of the average daily value of the Fund's net assets for such fiscal year.

2. (a) The aggregate annual fee the Fund may pay under this Plan for Distributor Payments and Dreyfus Payments is .20 of 1% of the value of the Fund's average daily net assets for such year (the "Aggregate Amount").

(b) The Fund shall reimburse the Distributor in respect of Distributor Payments an amount not to exceed an annual rate of .20 of 1% of the value of the Fund's average daily net assets for such year (the "Distributor Amount").

(c) The Fund shall pay Dreyfus in respect of Dreyfus Payments an annual fee equal to the difference between the Aggregate Amount and the Distributor Amount for such year.

(d) Each of the Distributor and Dreyfus may pay one or more securities dealers, financial institutions (which may include banks) or other industry professionals, such as investment advisers, accountants and estate planning firms (severally, a "Service Agent"), a fee in respect of the Fund's shares owned by investors with whom the Service Agent has a Servicing relationship or for whom the Service Agent is the dealer or holder of record. Each of the Distributor and Dreyfus shall determine the amounts to be paid to the Service Agents to which it will make payments under this Plan and the basis on which such payments will be made. Payments to a Service Agent are subject to compliance by the Service Agent with the terms of any related Plan agreement between the Service Agent and the Distributor or Dreyfus, as the case may be.

3. For the purposes of determining the fees payable under this Plan, the value of the Fund's net assets shall be computed in the manner specified in the Fund's charter documents as then in effect for the computation of the value of the Fund's net assets.

4. The Fund's Board shall be provided, at least quarterly, with a written report of all amounts expended pursuant to this Plan. The report shall state the purpose for which the amounts were expended.

5. This Plan will become effective upon the later to occur of (i) the consummation of the transactions contemplated by the Amended and Restated Agreement and Plan of Merger dated as of December 5, 1993 by and among Mellon Bank Corporation, Mellon Bank, N.A., XYZ Sub Corporation and The Dreyfus Corporation or (ii) approval by (a) holders of a majority of the Fund's outstanding shares, and (b) a majority of the Board members, including a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan, pursuant to a vote cast in person at a meeting called for the purpose of voting on the approval of this Plan.

6. This Plan shall continue for a period of one year from its effective date, unless earlier terminated in accordance with its terms, and thereafter shall continue automatically for successive annual periods, provided such continuance is approved

at least annually in the manner provided in paragraph 5(b) hereof.

7. This Plan may be amended at any time by the Fund's Board, provided that (a) any amendment to increase materially the costs which the Fund may bear pursuant to this Plan shall be effective only upon approval by a vote of the holders of a majority of the Fund's outstanding shares, and (b) any material amendments of the terms of this Plan shall become effective only upon approval as provided in paragraph 5(b) hereof.

8. This Plan is terminable without penalty at any time by (a) vote of a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan, or (b) vote of the holders of a majority of the Fund's outstanding shares.

Dated: May 25, 1994

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions "Condensed Financial Information" and "Custodian, Transfer and Dividend Disbursing Agent, Counsel and Independent Auditors" and to the use of our report dated June 6, 1995, in this Registration Statement (Form N-1A No. 2-95553) of Dreyfus GNMA Fund, Inc.

ERNST & YOUNG LLP

New York, New York
July 7, 1995

POWER OF ATTORNEY

The undersigned, being members of the Board of the Dreyfus GNMA Fund, Inc. hereby constitutes and appoints Frederick C. Dey, Eric B. Fischman, Ruth D. Leibert and John Pelletier as the attorney-in-fact for the proper officers of the Fund, with full power of substitution and resubstitution; to sign any and all amendments to the Registration Statement (including Post-Effective Amendments and amendments thereto); and the appointment of each of such persons as such attorney-in-fact hereby is authorized and approved; and that such attorneys-in-fact, and each of them, shall have full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection with such Registration Statement and any and all amendments and supplements thereto, as fully to all intents and purposes as the officer, for whom he is acting as attorney-in-fact, might or could do in person.

IN WITNESS WHEREOF, the undersigned have executed this Consent as of August 29, 1994.

/s/ David W. Burke
David W. Burke

/s/ Arnold S. Hiatt
Arnold S. Hiatt

/s/ Samuel Chase
Samuel Chase

/s/ David J. Mahoney
David J. Mahoney

/s/ Joni Evans
Joni Evans

/s/ Burton N. Wallack
Burton N. Wallack

POWER OF ATTORNEY

The undersigned, hereby constitutes and appoints Frederick C. Dey, Eric B. Fischman, Ruth D. Leibert, and John Pelletier and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution; for him and in his name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to the Registration Statement for Dreyfus GNMA Fund, Inc. (including Post-Effective Amendments and amendments thereto); 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 each of them, full power and authority to do and perform each and every act ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Consent as of June 23, 1995.

/s/ Joseph S.DiMartino
Joseph S. DiMartino

POWER OF ATTORNEY

The undersigned, hereby constitutes and appoints Frederick C. Dey, Eric B. Fischman, Ruth D. Leibert, and John Pelletier and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution; for him and in his name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to the Registration Statement for Dreyfus GNMA Fund, Inc. (including Post-Effective Amendments and amendments thereto); 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 each of them, full power and authority to do and perform each and every act ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Consent as of June 23, 1995.

/s/ Gordon J. Davis
Gordon J. Davis

POWER OF ATTORNEY

The undersigned, hereby constitutes and appoints Frederick C. Dey, Eric B. Fischman, Ruth D. Leibert, and John Pelletier and each of them, with full power to act without the other, her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution; for her and in her name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to the Registration Statement for Dreyfus GNMA Fund, Inc. (including Post-Effective Amendments and amendments thereto); 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 each of them, full power and authority to do and perform each and every act ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Consent as of September 20, 1994.

/s/ Marie E. Connolly
Marie E. Connolly

DREYFUS GNMA FUND, INC.

Certificate of Assistant Secretary

The undersigned, Ruth D. Leibert, Assistant Secretary of Dreyfus GNMA Fund, Inc. (the "Fund"), hereby certifies that set forth below is a copy of the resolution adopted by the Fund's Board authorizing the signing by Frederick C. Dey, Eric B. Fischman, Ruth D. Leibert and John Pelletier on behalf of the proper officers of the Fund pursuant to a power of attorney.

RESOLVED, that the Registration Statement and any and all amendments and supplements thereto, may be signed by any one of Frederick C. Dey, Eric B. Fischman, Ruth D. Leibert and John Pelletier as the attorney-in-fact for the proper officers of the Funds, with full power of substitution and resubstitution; and that the appointment of each of such persons as such attorney-in-fact, and each of them, shall have full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection with such Registration Statement and any and all amendments and supplements thereto, as fully to all intents and purposes as the officer, for whom he or she is acting as attorney-in-fact, might or could do in person.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed the Seal of the Fund on November 7, 1994.

/s/ Ruth D. Leibert
Ruth D. Leibert
Assistant Secretary

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