FORM 485APOS

Post-effective amendments [Rule 485(a)]

Filing Date: **1994-01-13**
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FILER

FIRST PRAIRIE TAX EXEMPT BOND FUND INC

CIK:**826302**| State of Incorp.:**NY** | Fiscal Year End: **0228**
Type: **485APOS** | Act: **33** | File No.: **033-18954** | Film No.: **94501261**

Mailing Address
C/O DREYFUS CORP
200 PARK AVENUE, 8TH FLOOR
NEW YORK NY 10166

Business Address
144 GLENN CURTISS BLVD
UNIONDALE NY 11556
2129226796

Registration Nos. 33-18954
811-5414

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. 8 /X/

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 /X/

Amendment No. 8 /X/

(Check appropriate box or boxes)

FIRST PRAIRIE TAX EXEMPT BOND 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)

____ on (date) pursuant to paragraph (b)

____ 60 days after filing pursuant to paragraph (a)

____ on (date) pursuant to paragraph (a) of Rule 485

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 February 28, 1993 was filed on April 27, 1993.

FIRST PRAIRIE TAX EXEMPT BOND FUND, INC.
Cross-Reference Sheet Pursuant to Rule 495(a)

____
NOTE: * Omitted since answer is negative or inapplicable.

FIRST PRAIRIE TAX EXEMPT BOND FUND, INC.
Cross-Reference Sheet Pursuant to Rule 495(a) (continued)

____

_______________, 1994

FIRST PRAIRIE MUNICIPAL BOND FUND

Supplement to Prospectus Dated ____________, 1994.

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

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

Upon closing of the merger, it is planned that Dreyfus will retain its New York headquarters and will be a separate subsidiary within the Mellon organization. It is expected that the Dreyfus management team and the Dreyfus mutual fund managers will remain in place, and the Dreyfus mutual funds will be operated in the same manner as they are currently.

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

FIRST PRAIRIE TAX EXEMPT BOND FUND, INC.

INTERMEDIATE SERIES AND INSURED SERIES

PROSPECTUS

The First National Bank of Chicago
Investment Adviser

The Dreyfus Corporation
Administrator

Dreyfus Service Corporation
Distributor

Prospectus begins on page one.

FIRST PRAIRIE MUNICIPAL BOND FUND

INTERMEDIATE SERIES AND INSURED SERIES

PROSPECTUS - ____________, 1994

First Prairie Municipal Bond Fund (the "Fund") is an open-end, non-diversified, management investment company, known as a municipal bond fund. Its goal is to provide investors with as high a level of current income exempt from Federal income tax as is consistent with the preservation of capital.

The Fund permits investors to invest in two separate portfolios, the Insured Series and the Intermediate Series. Each Series invests primarily in a portfolio of Municipal Obligations (as defined below). Under normal market conditions, the Insured Series invests primarily in a portfolio of Municipal Obligations, without regard to maturity, that are insured as to the timely payment of principal and interest by recognized insurers of Municipal Obligations. The market value of the Insured Series' shares is not insured. Under normal market conditions, the Intermediate Series invests in a portfolio of Municipal Obligations which has a dollar-weighted average maturity ranging between three and ten years.

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

The Fund provides free redemption checks with respect to Class A, which investors can use in amounts of $500 or more for cash or to pay bills. Investors continue to earn income on the amount of the check until it clears. Investors can purchase or redeem shares by telephone using the TeleTransfer Privilege.

The First National Bank of Chicago (the "Adviser") serves as the Fund's investment adviser.

The Dreyfus Corporation (the "Administrator") serves as the Fund's administrator. Dreyfus Service Corporation (the "Distributor"), a wholly-owned subsidiary of the Administrator, serves as the Fund's distributor.

The Fund's shares are not deposits or obligations of, or guaranteed by, the Adviser or any of its affiliates, and are not federally insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Reserve Board, or any other agency. The Fund's shares involve certain investment risks, including the possible loss of principal. The share price, yield and investment return of each Series fluctuate and are not guaranteed.

____

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

Part B (also known as the Statement of Additional Information), dated __________, 1994, which may be revised from time to time, provides a further discussion of certain areas in this Prospectus and other matters which may be of interest to some investors. It has been filed with the Securities and Exchange Commission and is incorporated herein by reference. For a free copy, write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or call 1-800-346-3621. When telephoning, ask for Operator 666.

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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<TABLE>

<CAPTION>

	INTERMEDIATE SERIES		INSURED SERIES	
	CLASS A	CLASS B	CLASS A	CLASS B
<S>	<C>	<C>	<C>	<C>
SHAREHOLDER TRANSACTION EXPENSES				
Maximum Sales Load Imposed on Purchases (as a percentage of offering price)	3.0%	none	4.5%	none
Maximum Deferred Sales Charge Imposed on Redemptions (as a percentage of the amount subject to charge)	none	3.00%	none	3.00%
ANNUAL FUND OPERATING EXPENSES (as a percentage of average daily net assets)				
Management Fees (after expense reimbursement)	0%	0%	0%	0%
12b-1 Fees	none	.50%	none	.50%
Service Fees	.25%	.25%	.25%	.25%
Other Expenses (after expense reimbursement)	0%	0%	0%	0%
Total Fund Operating Expenses (after expense reimbursement)	___	___	___	___

</TABLE>

EXAMPLE

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

<TABLE>
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	INTERMEDIATE SERIES			INSURED SERIES		
	CLASS A	CLASS B	CLASS B*	CLASS A	CLASS B	CLASS B*
<S>	<C>	<C>	<C>	<C>	<C>	<C>

1 YEAR	$	$	$	$	$	$
3 YEARS	$	$	$	$	$	$
5 YEARS	$	$	$	$	$	$
10 YEARS**	$	$	$	$	$	$

</TABLE>

* Assuming no redemption of Class B shares.

** Ten-Year figures assume conversion of Class B shares to Class A shares at end of sixth year following the date of purchase.

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

The purpose of the foregoing table is to assist investors in understanding the various costs and expenses that investors in a Series will bear, directly or indirectly, the payment of which will reduce investors' return on an annual basis. Long-term investors in Class B shares could pay more in 12b-1 fees than the economic equivalent of paying a front-end sales charge. The Adviser, affiliates of the Adviser and certain Service Agents (as defined below) may charge their clients direct fees for effecting transactions in shares of a Series; such fees are not reflected in the foregoing table. See "Management of the Fund," "How to Buy Fund Shares" and "Distribution Plan and Shareholder Services Plan." For Class B shares, Other Expenses are based on expenses incurred by Class A shares for the fiscal year ended February 28, 1993. Prior to ________, 1994, Class A shares were subject to 12b-1 fees, but no service fees. The expenses noted above, without reimbursements, would be: with respect to each Series, Management Fees (which include investment advisory and administration fees)--.60%, with respect to Class A and Class B of the Intermediate Series, Other Expenses--.__% and .__%, respectively, and Total Fund Operating Expenses--.__% and __%, respectively, and with respect to Class A and Class B of the Insured Series, Other Expenses--.__% and __%, respectively, and Total Fund Operating Expenses--.__% and __%, respectively; and the amount of expenses that an investor would pay, assuming redemption after one, three, five and ten years, would be, assuming (1) 5% annual return and (2) except where noted, redemption at the end of each time period:

<TABLE>

<CAPTION>

	INTERMEDIATE SERIES			INSURED SERIES		
	Class A	CLASS B	CLASS B*	CLASS A	CLASS B	CLASS B*
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1 YEAR	$	$	$	$	$	$
3 YEARS	$	$	$	$	$	$
5 YEARS	$	$	$	$	$	$
10 YEARS**	$	$	$	$	$	$

</TABLE>

____

* Assuming no redemption of Class B shares.

** Ten-year figures assume conversion of Class B shares to Class A shares at end of sixth year following the date of purchase.

CONDENSED FINANCIAL INFORMATION

The information in the following table has been audited (except where indicated) by Ernst & Young, 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. Class B shares had not been offered as of the date of the financial statements and, accordingly, no financial data are available for Class B.

FINANCIAL HIGHLIGHTS Contained below is per share operating performance data for a Class A share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for the Intermediate Series for each period indicated. This information has been derived from information provided in the Fund's financial statements.

<TABLE>

<CAPTION>

Intermediate Series - Year Ended February 28/29					Six Months Ended August 31, 1993 (Unaudited)
<S>	<C>	<C>	<C>	<C>	<C>
1989	1990	1991	1992	1993	

</TABLE>

[To Be Provided By Amendment]

FINANCIAL HIGHLIGHTS Contained below is per share operating performance data for a Class A share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for the Insured Series for each period indicated. This information has been derived from information provided in the Fund's financial statements.

Insured Series - Year Ended February 28/29				Six Months Ended August 31, 1993 (Unaudited)
1989	1990	1991	1992	1993

[To Be Provided By Amendment]

Further information about each Series' performance will be contained in the Fund's annual report for the fiscal year ending February 28, 1994, which will be available approximately the end of April 1994, and may be obtained without charge by writing to the address or calling the number set forth on the cover page of this prospectus.

HIGHLIGHTS

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus.

THE FUND The Fund is an open-end, non-diversified, management investment company, known as a municipal bond fund.

INVESTMENT OBJECTIVE The Fund's goal is to provide investors with as high a level of current income exempt from Federal income tax as is consistent with the preservation of capital.

THE SERIES The Fund is a "series fund" which permits investors to invest in two separate portfolios: the Intermediate Series and the Insured Series.

MANAGEMENT POLICIES Each Series will invest at least 80% of its net assets in Municipal Obligations, under normal circumstances. At least 65% of net assets will be invested in bonds and debentures.

Each Series will purchase Municipal Obligations only if they are rated at least: Baa, MIG-2/VMIG-2 or Prime-1 (P-1) by Moody's Investors Service, Inc. ("Moody's"); BBB, SP-2 or A-1 by Standard & Poor's Corporation ("S&P"); BBB or F-2 by Fitch Investors Service, Inc. ("Fitch"); BBB or Duff-2 by Duff & Phelps, Inc. ("Duff"); or, if not rated, of comparable quality as determined by the Adviser.

Each Series may engage in certain investment techniques, such as futures and options transactions and lending portfolio securities, each of which involves risk and the gains from which may give rise to taxable income.

INTERMEDIATE SERIES The Intermediate Series invests primarily in a portfolio of Municipal Obligations which has a dollar-weighted average maturity ranging between three and ten years.

INSURED SERIES The Insured Series invests primarily in a portfolio of Municipal Obligations, without regard to maturity, that are insured as to timely payment of principal and interest by recognized insurers of Municipal Obligations. The value of the Insured Series' shares is not insured.

The insurance feature is intended to reduce financial risk. However, the cost of insurance premiums and restrictions on investments imposed by guidelines in the insurance policy will result in a reduction in yield.

MUNICIPAL OBLIGATIONS Municipal Obligations are debt obligations issued by states, territories and possessions of the United States, by the District of Columbia, and their political subdivisions, agencies and instrumentalities, or multistate agencies or authorities, the interest from which is, in the opinion of bond counsel to the issuer, exempt from Federal income tax. Municipal Obligations are generally issued to obtain funds for various public purposes. They also include certain industrial development bonds issued by or on behalf of public authorities. Municipal Obligations are classified as general obligation bonds, revenue bonds and notes.

INVESTMENT ADVISER The First National Bank of Chicago is the Fund's investment adviser. The Fund has agreed to pay the Adviser a monthly fee at the annual rate of .40 of 1% of the value of each Series' average daily net assets.

ADMINISTRATOR The Dreyfus Corporation assists in all aspects of the Fund's operations other than providing investment advice. The Fund has agreed to pay the Administrator a monthly fee of .20 of 1% of the value of each Series' average daily net assets.

ALTERNATIVE PURCHASE METHODS The Fund offers investors two methods of purchasing Fund shares; an investor may choose the Class of shares that best suits the investor's needs, given the amount of purchase, the length of time the investor expects to hold the shares and any other relevant circumstances. Each Class A and Class B share represents an identical pro rata interest in the Series' investment portfolio.

Class A shares are sold at net asset value per share plus a maximum initial sales charge of 3.00% for the Intermediate Series and 4.50% for the Insured Series of the public offering price imposed at the time of purchase. The initial sales charge may be reduced or waived for certain purchases. See "How to Buy Fund Shares--Class A Shares." Class A shares are subject to an annual service fee at the rate of .25 of 1% of the value of the average daily net assets of Class A.

Class B shares are sold at net asset value per share with no initial sales charge at the time of purchase; as a result, the entire purchase price is immediately invested in the Fund. Class B shares are subject to a maximum 3% contingent deferred sales charge ("CDSC"), which is assessed only if the Class B shares are redeemed within five years of purchase. See "How to Redeem Fund Shares--Contingent Deferred Sales Charge--Class B Shares." Class B shares also are subject to an annual service fee at the rate of .25 of 1% of the value of the average daily net assets of Class B. In addition, Class B shares are subject to an annual distribution fee at the rate of .50 of 1% of the value of the average daily net assets of Class B. The distribution fee paid by Class B will cause such Class to have a higher expense ratio and to pay lower dividends than Class A. Approximately six years after the date of purchase, Class B shares automatically will convert to Class A shares, based on the relative net asset values for shares of each Class, and will no longer be subject to the distribution fee.

See "Alternative Purchase Methods."

HOW TO BUY FUND SHARES Orders for the purchase of shares may be placed through a number of institutions including the Adviser and affiliates of the Adviser, including First Chicago Investment Services, Inc. ("FCIS"), a registered broker-dealer, the Distributor and certain banks, securities dealers and other industry professionals such as investment advisers, accountants and estate planning firms (collectively, "Service Agents").

The minimum initial investment is $1,000 ($250 for IRAs and other personal retirement plans). All subsequent investments must be at least $100.

See "How to Buy Fund Shares."

SHAREHOLDER SERVICES The Fund offers its shareholders certain services and privileges including: Exchange Privilege, Auto-Exchange Privilege, Automatic Asset Builder, Government Direct Deposit Privilege, Automatic Withdrawal Plan, Dividend Sweep Privilege and TeleTransfer Privilege. (Certain services and privileges may not be available through all Service Agents.)

FREE CHECKWRITING--CLASS A SHARES Investors in Class A shares may request on the Account Application that the Fund provide Redemption Checks drawn on the Fund's account. Redemption Checks may be made payable to any person in the amount of $500 or more. There is no charge for this service.

HOW TO REDEEM FUND SHARES Generally, investors should contact their representatives at the Adviser or appropriate Service Agent for redemption instructions. Investors who are not clients of the Adviser or a Service Agent may redeem Fund shares by written request, by wire or telephone, or through the TeleTransfer privilege.

See "How to Redeem Fund Shares."

MONTHLY DIVIDENDS The Fund ordinarily declares dividends from each Series' net investment income daily. Dividends are usually paid on the last calendar day of each month, and are automatically reinvested in additional shares of the same Class unless the investor elects payment in cash.

Distributions from net realized securities gains, if any, generally are declared and paid once a year. Investors may choose whether to receive distributions in cash or to reinvest in additional Fund shares at net asset value.

RISKS AND SPECIAL CONSIDERATIONS The value of the Fund's shares is not fixed and can be expected to fluctuate.

Even though interest-bearing securities promise a stable stream of income, the prices of such securities are affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations.

Certain securities purchased by the Fund, including those rated Baa by Moody's and BBB by S&P, Fitch and Duff, are subject, to greater market fluctuation than certain lower yielding, higher rated fixed-income securities.

ALTERNATIVE PURCHASE METHODS

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

Class A shares are sold at net asset value per share plus a maximum initial sales charge of 3.00% for the Intermediate Series and 4.50% for the Insured Series of the public offering price imposed at the time of purchase. The initial sales charge may be reduced or waived for certain purchases. See "How to Buy Fund Shares--Class A Shares." These shares are subject to an annual service fee at the rate of .25 of 1% of the value of the average daily net assets of Class A. See "Distribution Plan and Shareholder Services Plan--Shareholder Services Plan."

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

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

DESCRIPTION OF THE FUND

[FOR LEFT MARGIN SIDE BAR: THE FUND IS A SERIES FUND, CURRENTLY OFFERING TWO PORTFOLIOS: THE INSURED SERIES AND THE INTERMEDIATE SERIES.]

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

[FOR LEFT MARGIN SIDE BAR: THE FUND'S GOAL IS TO PROVIDE AS HIGH A LEVEL OF CURRENT INCOME EXEMPT FROM FEDERAL INCOME TAX AS IS CONSISTENT WITH THE PRESERVATION OF CAPITAL.]

INVESTMENT OBJECTIVE The Fund's goal is to provide investors with as high a level of current income exempt from Federal income tax as is consistent with the preservation of capital. The Fund permits investors to invest in two separate portfolios, the Insured Series and the Intermediate Series. Each Series invests primarily in a portfolio of Municipal Obligations. Under normal conditions, the Insured Series invests primarily in a portfolio of Municipal Obligations, without regard to maturity, that are insured as to timely payment of principal and interest by recognized insurers of Municipal Obligations. Under normal market conditions, the Intermediate Series invests primarily in a portfolio of Municipal Obligations which has a dollar-weighted average maturity ranging between three and ten years. Each Series' investment objective cannot be changed without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of such Series' outstanding voting shares. There can be no assurance that the Series' investment objective will be achieved.

[FOR LEFT MARGIN SIDE BAR: EACH SERIES INVESTS PRIMARILY IN A PORTFOLIO OF MUNICIPAL OBLIGATIONS, THE INTEREST FROM WHICH IS EXEMPT FROM FEDERAL INCOME TAX.]

MUNICIPAL OBLIGATIONS Municipal Obligations are debt obligations issued by states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies and instrumentalities, or multi-state agencies or authorities, the interest from which is, in the opinion of bond counsel to the issuer, exempt from Federal income tax. Municipal Obligations generally include debt obligations issued to obtain funds for various public purposes as well as certain industrial development bonds issued by or on behalf of public authorities. Municipal Obligations are classified as general obligation bonds, revenue bonds and notes. General obligation bonds are secured by the issuer's pledge of its faith, credit and taxing power for the payment of principal and interest. Revenue bonds are payable from the revenue derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source, but not from the general taxing power. Tax exempt industrial development bonds, in most cases, are revenue bonds that generally do not carry the pledge of the credit of the issuing municipality, but generally are guaranteed by the corporate entity on whose behalf they are issued. Notes are short-term instruments which are obligations of the issuing municipalities or agencies and are sold in anticipation of a bond sale, collection of taxes or receipt of other revenues.

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

[FOR LEFT MARGIN SIDE BAR: MUNICIPAL OBLIGATIONS PURCHASED BY A SERIES MUST BE RATED AT LEAST INVESTMENT GRADE BY A NATIONALLY RECOGNIZED INDEPENDENT RATING AGENCY.]

MANAGEMENT POLICIES It is a fundamental policy of each Series that it will invest at least 80% of the value of its net assets (except when maintaining a temporary defensive position) in Municipal Obligations. At least 65% of the value of each Series' net assets (except when maintaining a temporary defensive position) will be invested in bonds and debentures. Under normal circumstances, at least 65% of the value of the Insured Series' total assets will be invested in Municipal Obligations that are insured as to the timely payment of principal and interest by recognized insurers of Municipal Obligations. See "Insurance Feature" below.

Each Series will purchase Municipal Obligations only if rated at least Baa, MIG-2/VMIG-2 or Prime-1 (P-1) by Moody's, BBB, SP-2 or A-1 by S&P BBB or F-2 by Fitch or BBB or Duff-2 by Duff. See "Appendix" in the Statement of Additional Information. Municipal Obligations rated Baa by Moody's and BBB by S&P, Fitch, and Duff are considered investment grade obligations; those rated BBB by S&P, Fitch and Duff are regarded as having an adequate capacity to pay principal and interest, while those rated Baa by Moody's are considered medium grade obligations and have speculative characteristics. Each Series also may invest in securities which, while not rated, are determined by the Adviser to be of comparable quality to the rated securities in which the Fund may invest. Each Series also may invest in Taxable Investments of the quality described below.

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

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

Each Series may purchase floating and variable rate demand notes and bonds, which are tax exempt obligations ordinarily having stated maturities in excess of one year, but which permit the holder to demand payment of principal at any time, or at specified intervals. Variable rate demand notes include master demand notes which are obligations that permit the Fund to invest fluctuating amounts, which may change daily without penalty, pursuant to direct arrangements between the Fund, as lender, and the borrower. The interest rates on these obligations fluctuate from time to time. Frequently, such obligations are secured by letters of credit or other credit support arrangements provided by banks. Use of letters of credit or other credit support arrangements will not adversely affect the tax exempt status of these obligations. Because these obligations are direct lending arrangements between the lender and borrower, it is not contemplated that such instruments generally will be traded, and there generally is no established secondary market for these obligations, although they are redeemable at face value. Accordingly, where these obligations are not secured by letters of credit or other credit support arrangements, a Series' right to redeem is dependent on the ability of the borrower to pay principal and interest on demand. Each obligation purchased will meet the quality criteria established for the purchase of Municipal Obligations. The Adviser, on behalf of the Fund, will consider on an ongoing basis the creditworthiness of the issuers of the floating and variable rate demand obligations in each Series' portfolio. Neither Series will invest more than 15% of the value of its net assets in floating or variable rate demand obligations as to which it cannot exercise the demand feature on not more than seven days' notice if there is no secondary market available for these obligations, and in other illiquid securities.

Each Series may purchase from financial institutions participation interests in Municipal Obligations (such as industrial development bonds and municipal lease/purchase agreements). A participation interest gives the Series an undivided interest in the Municipal Obligation in the proportion that such Series' participation interest bears to the total principal amount of the Municipal Obligation. These instruments may have fixed, floating or variable rates of interest. If the participation interest is unrated, or has been given a rating below that which otherwise is permissible for purchase by the Fund, the participation interest will be backed by an irrevocable letter of credit or guarantee of a bank that the Board of Directors has determined meets the prescribed quality standards for banks set forth below, or the payment obligation otherwise will be collateralized by U.S. Government securities. For certain participation interests, the Series will have the right to demand payment, on not more than seven days' notice, for all or any part of such Series' participation interest in the Municipal Obligation, plus accrued interest. As to these instruments, each Series intends to exercise its right to demand payment only upon a default under the terms of the Municipal Obligation, as needed to provide liquidity to meet redemptions, or to maintain or improve the quality of its investment portfolio. Neither Series will invest more than 15% of the value of its net assets in participation interests that do not have this demand feature, and in other illiquid securities.

Each Series may purchase tender option bonds. A tender option bond is a Municipal Obligation (generally held pursuant to a custodial arrangement) having a relatively long maturity and bearing interest at a fixed rate substantially higher than prevailing short-term tax exempt rates, that has been coupled with the agreement of a third party, such as a bank, broker-dealer or other financial institution, pursuant to which such institution grants the security holders the option, at periodic intervals, to tender their securities to the institution and receive the face value thereof. As consideration for providing the option, the financial institution receives periodic fees equal to the difference between the Municipal Obligation's fixed coupon rate and the rate, as determined by a remarketing or similar agent at or near the commencement of such period, that would cause the securities, coupled with the tender option, to trade at par on the date of such determination. Thus, after payment of this fee, the security holder effectively holds a demand obligation that bears interest at the prevailing short-term tax exempt rate. The Adviser, on behalf of the Fund, will consider on an ongoing basis the creditworthiness of the issuer of the underlying Municipal Obligation, of any custodian and of the third party provider of the tender option. In certain instances and for certain tender option bonds, the option may be terminable in the event of a default in payment of principal or interest on the underlying Municipal Obligations and for other reasons. Neither Series will invest more than 15% of the value of its net assets in illiquid securities, which would include tender option bonds as to which it cannot exercise the tender feature on not more than seven days' notice if there is no secondary market available for these obligations.

Each Series may purchase custodial receipts representing the right to receive certain future principal and interest payments on Municipal Obligations which underlie the custodial receipts. A number of different arrangements are possible. In a typical custodial receipt arrangement, an issuer or a third party owner of Municipal Obligations deposits such obligations with a custodian in exchange for two classes of custodial receipts. The two classes have different characteristics, but, in each case, payments on the two classes are based on payments received on the underlying Municipal Obligations. One class has the characteristics of a typical auction rate security, where at specified intervals its interest rate is adjusted, and ownership changes, based on an auction mechanism. This class's interest rate generally is expected to be below the coupon rate of the underlying Municipal Obligations and generally is at a level comparable to that of a Municipal Obligation of similar quality and having a maturity equal to the period between interest rate adjustments. The second class bears interest at a rate that exceeds the interest rate typically borne by a security of comparable quality and maturity; this rate also is adjusted, but in this case inversely to changes in the rate of interest of the first class. If the interest rate on the first class exceeds the coupon rate of the underlying Municipal Obligations, its interest rate will exceed the rate paid on the second class. In no event will the aggregate interest paid with respect to the two classes exceed the interest paid by the underlying Municipal Obligations. The value of the second class and similar securities should be expected to fluctuate more than the value of a Municipal Obligation of comparable quality and maturity and their purchase by the Series should increase the volatility of its net asset value and, thus, its price per share. These custodial receipts are sold in private placements. Each Series also may purchase directly from issuers, and not in a private placement, Municipal Obligations having characteristics similar to custodial receipts. These securities may be issued as part of a multi-class offering and the interest rate on certain classes may be subject to a cap or floor.

Each Series may invest up to 15% of the value of its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Fund's investment objective. Such securities may include securities that are not readily marketable, such as certain securities that are subject to legal or contractual restrictions on resale and repurchase agreements providing for settlement in more than seven days after notice. As to these securities, the Series are 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 Series' net assets could be adversely affected. However, if a substantial market of qualified institutional buyers develops pursuant to Rule 144A under the Securities Act of 1933, as amended, for certain of these securities held by the 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 Directors has directed the Adviser 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 such restricted securities pursuant to Rule 144A, the Series' investing in such securities may have the effect of increasing the level of illiquidity in such Series' investments during such period.

Each Series may acquire "stand-by commitments" with respect to Municipal Obligations held in its portfolio. Under a stand-by commitment, the Series obligates a broker, dealer or bank to repurchase at such Series' option specified securities at a specified price and, in this respect, stand-by commitments are comparable to put options. The exercise of a stand-by commitment, therefore, is subject to the ability of the seller to make payment on demand. Each Series will acquire stand-by commitments solely to facilitate its portfolio liquidity and does not intend to exercise its rights thereunder for trading purposes. Each Series may pay for stand-by commitments if such action is deemed necessary, thus increasing to a degree the cost of the underlying Municipal Obligation and similarly decreasing such security's yield to investors. The Fund also may acquire call options on specific Municipal Obligations. The Fund generally would purchase these call options to protect the Fund from the issuer of the related Municipal Obligation redeeming, or other holder of the call option from calling away, the Municipal Obligation before maturity. The sale by the Fund of a call option that it owns on a specific Municipal Obligation could result in the receipt of taxable income by the Fund.

From time to time, on a temporary basis other than for temporary defensive purposes (but not to exceed 20% of the value of the Series' net assets) or for temporary defensive purposes, each Series may invest in taxable short-term investments ("Taxable Investments") consisting of: notes of issuers having, at the time of purchase, a quality rating within the two highest grades of Moody's, S&P, Fitch or Duff; obligations of the U.S. Government, its agencies or instrumentalities; commercial paper rated not lower than P-1 by Moody's, A-1 by S&P, F-1 by Fitch or Duff-1 by Duff; certificates of deposit of U.S. domestic banks, including foreign branches of domestic banks, with assets of one billion dollars or more; time deposits; bankers' acceptances and other short-term bank obligations; and repurchase agreements in respect of any of the foregoing. Dividends paid by each Series that are attributable to income earned by the Series from Taxable Investments will be taxable to investors. See "Dividends, Distributions and Taxes." Except for temporary defensive purposes, at no time will more than 20% of the value of a Series' net assets be invested in Taxable Investments. Under normal market conditions, the Fund anticipates that not more than 5% of the value of a Series' total assets will be invested in any one category of Taxable Investments. Taxable Investments are more fully described in the Statement of Additional Information, to which reference hereby is made.

[FOR LEFT MARGIN SIDE BAR: THE SERIES MAY USE VARIOUS INVESTMENT TECHNIQUES WHICH INVOLVE CERTAIN RISKS.]

INVESTMENT TECHNIQUES Each Series may employ, among others, the investment techniques described below. Use of these techniques may give rise to taxable income.

WHEN-ISSUED SECURITIES New issues of Municipal Obligations usually are offered on a when-issued basis, which means that delivery and payment for such Municipal Obligations ordinarily take place within 45 days after the date of the commitment to purchase. The payment obligation and the interest rate that will be received on the Municipal Obligations are fixed at the time the Series enters into the commitment. Each Series will make commitments to purchase such Municipal Obligations only with the intention of actually acquiring the securities, but the Series may sell these securities before the settlement date if it is deemed advisable, although any gain realized on such sale would be taxable. Neither Series will accrue income in respect of a when-issued security prior to its stated delivery date. No additional when-issued commitments will be made for a Series if more than 20% of the value of such Series' net assets would be so committed.

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

[FOR LEFT MARGIN SIDE BAR: THE FUND MAY ENGAGE IN FUTURES AND OPTIONS TRANSACTIONS, SUBJECT TO APPLICABLE REGULATIONS.]

FUTURES TRANSACTIONS - IN GENERAL The Fund is not a commodity pool. However, each Series may engage, to the extent permitted by applicable regulations, in futures and options on futures transactions as described below.

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

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

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

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

Successful use of futures by a Series also is subject to the
Adviser's ability to predict correctly movements in the direction of the market or interest rates. For example, if a Series has hedged against the possibility of a decline in the market adversely affecting the value of securities held in its portfolio and prices increase instead, the Series will lose part or all of the benefit of the increased value of securities which it has hedged because it will have offsetting losses in its futures positions. In addition, in such situations, if the Series has insufficient cash, it may have to sell securities to meet daily variation margin requirements. Such sales of securities may, but will not necessarily, be at increased prices which reflect the rising market. The Series may have to sell securities at a time when it may be disadvantageous to do so.

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

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

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

[FOR LEFT MARGIN SIDE BAR: THE FUND MAY HEDGE AGAINST RISING OR FALLING INTEREST RATES BY PURCHASING OR SELLING INTEREST RATE FUTURES CONTRACTS.]

INTEREST RATE FUTURES CONTRACTS AND OPTIONS ON INTEREST RATE

FUTURES CONTRACTS Each Series may purchase and sell interest rate futures contracts and options on interest rate futures contracts.

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

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

Each Series may sell call options on interest rate futures contracts to partially hedge against declining prices of its portfolio securities. If the futures price at expiration of the option is below the exercise price, the Series will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in such Series' portfolio holdings. Each Series may sell put options on interest rate futures contracts to hedge against increasing prices of the securities which are deliverable upon exercise of the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Series will retain the full amount of the option premium which provides a partial hedge against any increase in the price of securities which the Series intends to purchase. If a put or call option sold by a Series is exercised, the Series will incur a loss which will be reduced by the amount of the premium it receives. Depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of its futures positions, a Series' losses from existing options on futures may to some extent be reduced or increased by changes in the value of its portfolio securities.

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

LENDING PORTFOLIO SECURITIES From time to time, each Series may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. Such loans may not exceed 33-1/3% of the value of such Series' total assets. In connection with such loans, the Series will receive collateral consisting of cash, U.S. Government securities or irrevocable letters of credit which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. Each Series can increase its income through the investment of such collateral. A Series engaging in the portfolio loan transaction continues to be entitled to payments in amounts equal to the interest or other distributions payable on the loaned security and receives interest on the amount of the loan. Such loans will be terminable at any time upon specified notice. A Series might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Series.

BORROWING MONEY Each Series may borrow money, but only for temporary or emergency (not leveraging) purposes, in an amount up to 15% of the value of such Series' total assets (including the amount borrowed) valued at the lesser of cost or market, less liabilities (not including the amount borrowed) at the time the borrowing is made. While borrowings exceed 5% of a Series' total assets, such Series will not make any additional investments.

[FOR LEFT MARGIN SIDE BAR: THE FUND HAS ADOPTED CERTAIN FUNDAMENTAL POLICIES INTENDED TO LIMIT THE RISK OF ITS INVESTMENT PORTFOLIO.]

CERTAIN FUNDAMENTAL POLICIES Each Series may (i) borrow money to the extent permitted under the Investment Company Act of 1940; and (ii) invest up to 25% of its total assets in the securities of issuers in any industry, provided that there is no such limitation on investments in Municipal Obligations and, for temporary defensive purposes, obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities (industrial development bonds, where the payment of principal and interest is the ultimate responsibility of companies within the same industry, are grouped together as an "industry"). This paragraph describes fundamental policies that cannot be changed, as to a Series, without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of such Series' outstanding voting shares. See "Investment Objective and Management Policies--Investment Restrictions" in the Statement of Additional Information.

[FOR LEFT MARGIN SIDE BAR: FUNDAMENTAL POLICIES CANNOT BE CHANGED WITHOUT APPROVAL BY A MAJORITY OF SHAREHOLDERS.]

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

[FOR LEFT MARGIN SIDE BAR: MUNICIPAL OBLIGATIONS HELD BY THE INSURED SERIES THAT ARE SUBJECT TO INSURANCE WILL BE INSURED AS TO TIMELY PAYMENT OF INTEREST AND PRINCIPAL. THE VALUE OF THE INSURED SERIES SHARES IS NOT INSURED.]

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

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

Certain types of Mutual Fund Insurance which may be obtained by the Insured Series are effective only so long as the Insured Series is in existence, the insurer remains in business and the Municipal Obligations described in the policy continue to be held by the Insured Series. The Insured Series will pay the premiums with respect to such insurance. Depending upon the terms of the policy, in the event of a sale of any Municipal Obligation so insured by the Insured Series, the Mutual Fund Insurance may terminate as to such Municipal Obligation on the date of sale and in such event the insurer may be liable only for those payments of principal and interest which then are due and owing. Other types of Mutual Fund Insurance may not have this termination feature. The Insured Series may purchase Municipal Obligations with this type of insurance from parties other than the issuer and the insurance would continue for the Insured Series' benefit.

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

[FOR LEFT MARGIN SIDE BAR: INSURANCE FOR MUNICIPAL OBLIGATIONS IS OBTAINED FROM RECOGNIZED MUNICIPAL BOND INSURERS.]

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

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

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company. Neither MBIA Inc. nor its shareholders are obligated to pay the debts of or claims against MBIA. MBIA is a limited liability corporation domiciled in New York and licensed to do business in 50 states, the District of Columbia and the Commonwealth of Puerto Rico. As of December 31, 1992, MBIA had admitted assets of approximately $2.6 billion, total liabilities of approximately $ 1.7 billion and total capital and surplus of approximately $896 million. The claims-paying ability of MBIA is rated "AAA" by S&P and "Aaa" by Moody's.

Financial Guaranty is a New York stock insurance company regulated by the New York State Department of Insurance and authorized to provide insurance in 49 states and the District of Columbia. Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation, a Delaware holding company, which is a wholly-owned subsidiary of General Electric Capital Corporation. Financial Guaranty, in addition to providing insurance for the payment of interest on and principal of Municipal Obligations held in unit investment trust and mutual fund portfolios, provides New Issue Insurance and insurance for secondary market issues of Municipal Obligations and for portions of new and secondary market issues of Municipal Obligations. As of December 31, 1992, Financial Guaranty's total capital and surplus was approximately $621 million. The claims-paying ability of Financial Guaranty is rated "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch.

AMBAC Indemnity is a Wisconsin-domiciled stock insurance corporation, regulated by the Office of The Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia and the Commonwealth of Puerto Rico. AMBAC Indemnity is a wholly-owned subsidiary of AMBAC Inc., a 100% publicly held company. AMBAC Indemnity had admitted assets of approximately $ 1.6 billion and statutory capital of approximately $926.5 million as of December 31, 1992. Statutory capital consists of AMBAC Indemnity's statutory contingency reserve and policyholders' surplus. The claims-paying ability of AMBAC Indemnity is rated "AAA" by S&P and "Aaa" by Moody's.

Capital Guaranty is a "Aaa/AAA" rated monoline stock insurance company incorporated in the State of Maryland, and is a wholy owned subsidiary of Capital Guaranty Corporation, a Maryland insurance holding company. Capital Guaranty is authorized to provide insurance in 49 states, the District of Columbia, and three U.S. territories. Capital Guaranty Corporation is owned by Constellation Investments, Inc., an affiliate of Baltimore Gas and Electric; Fleet Financial Group, Inc., Safeco Corporation; Sibag Finance Corporation, an affiliate of Siemens A.G.; and United States Fidelity and Guaranty Company. Capital Guaranty Corporation intends to complete an initial public offering before the end of 1993, after which the current stockholders of Capital Guaranty Corporation expect to own no more than 50% of its outstanding stock. As of June 30, 1993, the total statutory policyholders' surplus and contingency reserve of Capital Guaranty was $173,660,432 (unaudited) and the total admitted assets were $264,075,675 (unaudited).

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

[FOR LEFT MARGIN SIDE BAR: WHILE THE INSURANCE IS INTENDED
TO REDUCE FINANCIAL RISK, IT WILL RESULT IN A REDUCTION IN THE INSURED SERIES' YIELD.]

SPECIAL INVESTMENT CONSIDERATIONS RELATING TO THE INSURED SERIES
The insurance feature is intended to reduce financial risk, but the cost thereof and the restrictions on investments imposed by the guidelines in the insurance policy will result in a reduction in the yield on the Municipal Obligations purchased by the Insured Series.

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

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

[FOR LEFT MARGIN SIDE BAR: SECURITIES IN WHICH THE SERIES INVEST ARE SUBJECT TO THE RISK OF MARKET PRICE FLUCTUATIONS AND CHANGES IN THE CREDIT RATING OR FINANCIAL CONDITION OF THE ISSUERS.]

OTHER INVESTMENT CONSIDERATIONS Even though interest-bearing securities are investments which promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. Certain securities that may be purchased by a Series, such as those with interest rates that fluctuate directly or indirectly based on multiples of a stated index, are designed to be highly sensitive to changes in interest rates and can subject the holders thereof to extreme reductions of yield and possibly loss of principal. The values of fixed-income securities also may be affected by changes in the credit rating or financial condition of the issuing entities. Once the rating of a portfolio security has been changed, the Fund will consider all circumstances deemed relevant in determining whether to continue to hold the security. Certain securities purchased by the Series, such as those rated Baa by Moody's and BBB by S&P, Fitch and Duff, may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities. Obligations which are rated Baa by Moody's are considered medium grade obligations; they are neither highly protected nor poorly secured, and are considered by Moody's to have speculative characteristics. Bonds rated BBB by S&P are regarded as having adequate capacity to pay interest and repay principal, and while such bonds normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for bonds in this category than in higher rated categories. Fitch considers the obligor's ability to pay interest and repay principal on bonds rated BBB to be adequate; adverse changes in economic conditions and circumstances, however, are more likely to have an adverse impact on these bonds and, therefore, impair timely payment. Bonds rated BBB by Duff are considered to have below average protection factors but still considered sufficient for prudent investment. See "Appendix" in the Statement of Additional Information. Each Series' net asset value generally will not be stable and should fluctuate based upon changes in the value of the Series' portfolio securities. Securities in which each Series will invest may earn a higher level of current income than certain shorter-term or higher quality securities which generally have greater liquidity, less market risk and less fluctuation in market value.

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

[FOR LEFT MARGIN SIDE BAR: CHANGES IN THE FEDERAL INCOME TAX CODE COULD AFFECT THE PERFORMANCE OF THE FUND. CONSULT YOUR TAX ADVISER CONCERNING THE EFFECT OF ANY SUCH PROVISIONS.]

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

The Fund's classification as a "non-diversified" investment company means that the proportion of each Series' assets that may be invested in the securities of a single issuer is not limited by the Investment Company Act of 1940. A "diversified" investment company is required by the Investment Company Act of 1940 generally to invest, with respect to 75% of its total assets, not more than 5% of such assets in the securities of a single issuer. However, the Fund intends to conduct its operations so as to qualify each Series as a "regulated investment company" for purposes of the Code, which requires that, with respect to each Series' assets, at the end of each quarter of its taxable year, (i) at least 50% of the market value of such Series' total assets be invested in cash, U.S. Government securities, the securities of other regulated investment companies and other securities, with such other securities of any one issuer limited for the purposes of this calculation to an amount not greater than 5% of the value of such total assets and (ii) not more than 25% of the value of such Series' total assets be invested in the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies). Since a relatively high percentage of each Series' assets may be invested in the securities of a limited number of issuers, each Series' portfolio securities may be more susceptible to any single economic, political or regulatory occurrence than the portfolio securities of a diversified investment company.

Investment decisions for each Series are made independently from those of other investment companies, investment advisory accounts, custodial accounts, individual trust accounts and commingled funds that may be advised by the Adviser. However, if such other investment companies or managed accounts are prepared to invest in, or desire to dispose of, Municipal Obligations or Taxable Investments at the same time as a Series, available investments or opportunities for sales will be allocated equitably to each of them. In some cases, this procedure may adversely affect the size of the position obtained for or disposed of by a Series or the price paid or received by a Series.

MANAGEMENT OF THE FUND

[FOR LEFT MARGIN SIDE BAR: THE ADVISER, THE FIRST NATIONAL BANK OF CHICAGO, IS ONE OF THE LARGEST COMMERCIAL BANKS IN THE UNITED STATES AND THE LARGEST IN THE MID-WESTERN UNITED STATES. THE ADVISER MANAGES APPROXIMATELY $9.1 BILLION OF INVESTMENT ASSETS.]

INVESTMENT ADVISER The Adviser, located at Three First National Plaza, Chicago, Illinois 60670, is the Fund's investment adviser. The Adviser, a wholly-owned subsidiary of First Chicago Corporation, a registered bank holding company, is a commercial bank offering a wide range of banking and investment services to customers throughout the United States and around the world. As of March 31, 1993, it was one of the largest commercial banks in the United States and the largest in the mid-Western United States in terms of assets ($48.4 billion) and in terms of deposits ($27.6 billion). As of March 31, 1993, the Adviser provided personal investment management services to portfolios containing approximately $9.1 billion in assets. The Adviser serves as investment adviser for the Fund pursuant to an Investment Advisory Agreement dated as of December 16, 1987 (as revised June 14, 1989). Under the Investment Advisory Agreement, the Adviser, subject to the supervision of the Fund's Board of Directors and in conformity with Maryland law and the stated policies of the Fund, manages the investment of the assets of each Series. The Adviser is responsible for making investment decisions for the Fund, placing purchase and sale orders and providing research, statistical analysis and continuous supervision of the investment portfolio. The Adviser provides these services through its Personal Investments Department. The investment advisory services of the Adviser are not exclusive under the terms of the Investment Advisory Agreement. The Adviser is free to, and does, render investment advisory services to others, including other investment companies. Also included among the Personal Investments Department's accounts are commingled trust funds and a broad spectrum of individual trust and investment management portfolios, which have varying investment objectives.

The Adviser and its affiliates deal, trade and invest for their own accounts in the types of securities in which the Series may invest and may have deposit, loan and commercial banking relationships with the issuers of securities purchased by a Series. The Adviser and its affiliates sell and purchase securities of the type in which the Series may invest to and from other investment companies sponsored by the Administrator. The Adviser will not invest any assets of the Series in any of these securities purchased directly or indirectly from itself or any affiliate. The Adviser has advised the Fund that in making its investment decisions the Personal Investments Department does not obtain or use material inside information in the possession of any other division or department of the Adviser or in the possession of any affiliate of the Adviser.

The Adviser and its affiliates presently intend to continue
to charge and collect customary account and account transaction fees with respect to accounts through which or for which shares of a Series are purchased or redeemed. This will result in the receipt by the Adviser and its affiliates of customer account fees in addition to advisory and Service Agent fees from the Fund with respect to assets in certain accounts. See "Distribution Plan and Shareholder Services Plan."

Under the terms of the Investment Advisory Agreement, the Fund has agreed to pay the Adviser a monthly fee at the annual rate of .40 of 1% of the value of each Series' average daily net assets. No fees were paid by the Fund for the fiscal year ended February 28, 1993, pursuant to various undertakings by the Adviser.

The Fund's primary portfolio manager is John H. Erickson. He
has held that position since the Fund's inception, March 1, 1988, and has been employed by the Adviser since August 1, 1979. The Adviser also provides research services for the Fund as well as for other funds it advises through a professional staff of portfolio managers and security analysts.

GLASS-STEAGALL ACT The Glass-Steagall Act and other applicable laws prohibit Federally chartered or supervised banks from engaging in certain aspects of the business of issuing, underwriting, selling and/or distributing securities, although banks such as the Adviser are permitted to purchase and sell securities upon the order and for the account of their customers. The Adviser has advised the Fund of its belief that it may perform the services for the Fund contemplated by the Investment Advisory Agreement and this Prospectus without violating the Glass-Steagall Act or other applicable banking laws or regulations. The Adviser has pointed out, however, that there are no cases deciding whether a bank such as the Adviser may perform services comparable to those performed by the Adviser and that future changes in either Federal or state statutes and regulations relating to permissible activities of banks and their subsidiaries and affiliates, as well as future judicial or administrative decisions or interpretations of present and future statutes and regulations, could prevent the Adviser from continuing to perform such services for the Fund. If the Adviser were to be prevented from providing such services to the Fund, the Fund's Board of Directors would review the Fund's relationship with the Adviser and consider taking all actions necessary in the circumstances.

[FOR LEFT MARGIN SIDE BAR: THE DREYFUS CORPORATION, WHICH MANAGES OR ADMINISTERS APPROXIMATELY $85 BILLION IN MUTUAL FUND ASSETS, WILL ASSIST THE ADVISER IN PROVIDING CERTAIN ADMINISTRATIVE SERVICES FOR THE FUND.]

ADMINISTRATOR The Administrator, located at 200 Park Avenue, New York, New York 10166, serves as the Fund's administrator pursuant to an Administration Agreement with the Fund. Under this Agreement, the Administrator generally assists in all aspects of the Fund's operations, other than providing investment advice, subject to the overall authority of the Fund's Board of Directors in accordance with Maryland law. The

Administrator was formed in 1947 and, as of March 1, 1993, managed or administered approximately $85 billion in assets for more than 1.9 million investment accounts nationwide.

Under the terms of the Administration Agreement, the Fund has agreed to pay the Administrator a monthly fee at the annual rate of .20 of 1% of the value of each Series' average daily net assets. No fees were paid by the Fund for the fiscal year ended February 28, 1993, pursuant to various undertakings by the Administrator.

[FOR LEFT MARGIN SIDE BAR: THE SHAREHOLDER SERVICES GROUP, INC. IS THE FUND'S TRANSFER AGENT AND PAYS DIVIDENDS TO SHAREHOLDERS.]

TRANSFER AND DIVIDEND DISBURSING AGENT AND 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 (the "Transfer Agent"). The Bank of New York, 110 Washington Street, New York, New York 10286, is the Fund's Custodian.

EXPENSES All expenses incurred in the operation of the Fund are borne by the Fund, except to the extent specifically assumed by the Adviser and/or Administrator. The expenses borne by the Fund include the following: taxes, interest, brokerage fees and commissions, if any, fees of Directors who are not officers, directors, employees or holders, directly or indirectly, of 5% or more of the outstanding voting securities of the Adviser or the Administrator, Securities and Exchange Commission fees, state Blue Sky qualification fees, advisory and administration 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. Class A and Class B shares are subject to an annual service fee for ongoing personal services relating to shareholder accounts and services related to the maintenance of shareholder accounts. In addition, Class B shares are subject to an annual distribution fee for advertising, marketing and distributing Class B shares pursuant to a distribution plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940. See "Distribution Plan and Shareholder Services Plan." Expenses attributable to a particular Series are charged against the assets of that Series; other expenses of the Fund are allocated between the Series on the basis determined by the Board of Directors, including, but not limited to, proportionately in relation to the net assets of each Series.

The imposition of the investment advisory and administration fees, as well as other operating expenses, including the fees paid under the Service Plan, will have the effect of reducing the yield to investors. From time to time, the Adviser and/or the Administrator may waive receipt of their fees and/or voluntarily assume certain expenses of the Fund, which would have the effect of lowering a Series' overall expense ratio and increasing yield to investors at the time such amounts were waived or assumed, as the case may be. The Fund will not pay the Adviser and/or the Administrator at a later time for any amounts which may be waived, nor will the Fund reimburse the Adviser and/or the Administrator for any amounts which may be assumed.

HOW TO BUY FUND SHARES

[FOR LEFT MARGIN SIDE BAR: THE FUND OFFERS A NUMBER OF CONVENIENT WAYS TO PURCHASE SHARES.]

INFORMATION APPLICABLE TO ALL PURCHASERS The Fund's distributor is Dreyfus Service Corporation, a wholly-owned subsidiary of the Administrator, located at 200 Park Avenue, New York, New York

10166. The shares it distributes are not deposits or obligations of The Dreyfus Security Savings Bank, F.S.B. or the Adviser and therefore are not insured by the FDIC.

When purchasing Fund shares, an investor must specify whether the purchase is for Class A or Class B shares. Shares may be purchased by all clients of the Adviser and its affiliates, including qualified custody, agency and trust accounts, through their accounts with the Adviser and its affiliates, or by clients of certain other Service Agents through their accounts with the Service Agent. Shares also may be purchased directly through the Distributor. Stock certificates are issued only upon request. No certificates are issued for fractional shares. It is not recommended that the Fund be used as a vehicle for Keogh, IRA or other qualified retirement plans. The Fund reserves the right to reject any purchase order.

[FOR LEFT MARGIN SIDE BAR: YOU CAN OPEN AN ACCOUNT WITH AS
LITTLE AS $1,000 ($250 FOR IRAS OR OTHER RETIREMENT PLANS.)
SUBSEQUENT INVESTMENTS CAN BE AS LITTLE AS $100.]

The minimum initial investment for each Class is $1,000. All subsequent investments must be at least $100. The initial investment must be accompanied by the Fund's Account Application. The Adviser and Service Agents may impose initial or subsequent investment minimums which are higher or lower than those specified above and may impose different minimums for different types of accounts or purpose arrangements.

If an order is received by the Transfer Agent by the close of trading on the floor of the New York Stock Exchange (currently 4:00 pm., New York time) on any business day (which, as used herein, shall include each day the New York Stock Exchange is open for business, except Martin Luther King, Jr. Day, Columbus Day and Veterans Day), Fund shares will be purchased at the public offering price (i.e., net asset value plus the applicable sales load set forth below) determined as of the close of trading on the floor of the New York Stock Exchange on that day. Otherwise, Fund shares will be purchased at the public offering price determined as of the close of trading on the floor of the New York Stock Exchange on the next business day, except where shares are purchased through a dealer as provided below.

[FOR LEFT MARGIN SIDE BAR: NET ASSET VALUE IS DETERMINED AT
THE CLOSE OF TRADING ON THE FLOOR OF THE NEW YORK STOCK EXCHANGE
(CURRENTLY 4:00 P.M., NEW YORK TIME) ON EACH BUSINESS DAY.]

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

Federal regulations require that an investor provide a certified Taxpayer Identification Number ("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 an investor to a $50 penalty imposed by the Internal Revenue Service (the "IRS").

[FOR LEFT MARGIN SIDE BAR: ORDERS RECEIVED BY THE CLOSE OF TRADING ON THE FLOOR OF THE NEW YORK STOCK EXCHANGE (CURRENTLY 4:00 P.M., NEW YORK TIME) WILL BE EXECUTED AT THAT DAY'S PUBLIC OFFERING PRICE. ORDERS RECEIVED LATER WILL BE EXECUTED AT THE NEXT BUSINESS DAY'S PRICE.]

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

[FOR LEFT MARGIN SIDE BAR: CLASS A SHARES ARE SOLD WITH A MAXIMUM SALES LOAD OF 4.50%. THERE ARE SEVERAL WAYS TO REDUCE OR ELIMINATE THE SALES LOAD.]

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

<TABLE>

<CAPTION>

INTERMEDIATE SERIES
TOTAL SALES LOAD

<S> AMOUNT OF TRANSACTION	<C> As a % of offering price per share	<C> As a % of net asset value per share	<C> Dealers' Reallowance as a % of offering price
Less than $100,000	3.00	3.10	2.75
$100,000 to less than $500,000	2.50	2.55	2.25
$500,000 to less than $1,000,000	2.00	2.00	1.75
$1,000,000 and above	1.00	1.00	1.00

</TABLE>

<TABLE>

<CAPTION>

INSURED SERIES
TOTAL SALES LOAD

<S> AMOUNT OF TRANSACTION	<C> As a % of offering price per share	<C> As a % of net asset value per share	<C> Dealers' Reallowance as a % of offering price
Less than $50,000	4.50	4.70	4.25
$50,000 to less than $100,000	4.00	4.20	3.75
$100,000 to less than $250,000	3.00	3.10	2.75
$250,000 to less than $500,000	2.50	2.60	2.25
$500,000 to less than $1,000,000	2.00	2.00	1.75
$1,000,000 to less than $3,000,000	1.00	1.00	1.00
$3,000,000 to less than $5,000,000	0.50	0.50	0.50
$5,000,000 and above	0.25	0.25	0.25

</TABLE>

Full-time employees of NASD member firms and full time employees of other financial institutions which have entered into an agreement with the Distributor pertaining to the sale of each Series' shares (or which otherwise have a brokerage-related or clearing arrangement with an NASD member firm or other financial institution with respect to sales of Series' shares), their spouses and minor children, and accounts opened by a bank, trust company or thrift institution, acting as a fiduciary, may purchase Class A shares for themselves or itself, as the case may be, at net asset value, provided that they have furnished the Distributor appropriate notification of such status at the time of the investment and such other information as it may request from time to time in order to verify eligibility for this privilege. This privilege also applies to full-time employees of financial institutions affiliated with NASD member firms whose employees are eligible to purchase Class A shares at net asset value. In addition, Class A shares of each Series may be purchased at net asset value for Fund accounts registered under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act which are opened through FCIS. Each Series' Class A shares are also offered at net asset value to employees and directors of First Chicago Corporation, or any of its affiliates and subsidiaries, retired employees of First Chicago Corporation, or any of its affiliates and subsidiaries, Board members of a fund advised by the Adviser, including members of the Fund's Board, or the spouse or minor child of any of the foregoing.

Each Series' Class A shares will be offered at net asset value without a sales load to employees participating in qualified or nonqualified employee benefit plans or other programs where (i) the employers or affiliated employers maintaining such plans or programs have a minimum of 250 employees eligible for participation in such plans or programs or (ii) such plan's or program's aggregate initial investment in the Fund, certain other funds advised by the Adviser and certain other funds advised by the Administrator exceeds one million dollars ("Eligible Benefit Plans"). The determination of the number of employees eligible for participation in such a plan or program shall be made on the date that the Series' Class A shares are first purchased by or on behalf of employees participating in such plan or program and on each subsequent January 1st.

In fiscal 1993, FCIS, an affiliate of the Adviser, retained $233,541 with respect to the Intermediate Series, and $85,836 with respect to the Insured Series, from sales loads on Class A shares. The dealer reallowance may be changed from time to time but will remain the same for all dealers.

CLASS B SHARES The public offering price for Class B shares is the net asset value per share of that Class. No initial sales charge is imposed at the time of purchase. A CDSC is imposed, however, on certain redemptions of Class B shares as described under "How to Redeem Fund Shares." FCIS may compensate certain Service agents for Selling Class B shares at the time of purchase from its own assets. Proceeds of the CDSC and distribution fees payable to FCIS, in part, would be used to defray these expenses.

[FOR LEFT MARGIN SIDE BAR: CONTACT YOUR INVESTMENT REPRESENTATIVE OR SERVICE AGENT TO LEARN HOW TO PURCHASE SHARES.]

PURCHASING SHARES THROUGH ACCOUNTS WITH THE ADVISER OR A SERVICING AGENT Investors who desire to purchase shares through their accounts at the Adviser or its affiliates or a Service Agent should contact such entity directly for appropriate instructions, as well as for information about conditions pertaining to the account and any related fees. Service Agents and the Adviser may charge clients direct fees for effecting transactions in shares, as well as fees for other services provided to clients in connection with accounts through which shares are purchased. These fees, if any, would be in addition to fees received by a Service Agent under the Shareholder Services Plan or advisory fees received by the Adviser under the Investment Advisory Agreement. Each Service Agent has agreed to transmit to its clients a schedule of such fees. In addition, Service Agents and the Adviser may receive different levels of compensation for selling different Classes of shares and may impose minimum account and other conditions, including conditions which might affect the availability of certain shareholder privileges described in this Prospectus. Each investor desiring to use this privilege should consult the Adviser or his Service Agent for details. It is the responsibility of the Adviser and Service Agents to transmit orders on a timely basis.

Copies of the Fund's Prospectus and Statement of Additional Information may be obtained from the Distributor, the Adviser, certain affiliates of the Adviser or certain Service Agents, as well as from the Fund.

PURCHASING SHARES THROUGH THE DISTRIBUTOR Shares also may be purchased directly through the Distributor by check or wire, or through the TeleTransfer Privilege described below. The initial investment must be accompanied by the Fund's Account Application which can be obtained from the Distributor and certain Service Agents. Checks should be made payable to "The First Prairie Family of Funds." Payments to open new accounts which are mailed should be sent to The First Prairie Family of Funds, P.O. Box 9387, Providence, Rhode Island 02940-9387, together with the investor's Account Application indicating the name of the Series and Class of shares being purchased. For subsequent investments, the investor's Fund account number should appear on the check and an investment slip should be enclosed and sent to The First Prairie Family of Funds, P.O. Box 105, Newark, New Jersey 07101-0105. Neither initial nor subsequent investments should be made by third party check. A charge will be imposed if any check used for investment in an investor's account does not clear. All payments should be made in U.S. dollars and, to avoid fees and delays, should be drawn only on U.S. banks.

Wire payments may be made if the investor's 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 or Chicago. An investor should request his bank to transmit immediately available funds by wire to The Bank of New York, DDA#8900052333/First Prairie Municipal Bond Fund, Inc., Intermediate Series--Class A shares, or DDA#_________/First Prairie Municipal Bond Fund, Inc., Intermediate Series--Class B shares, or DDA#8900052279/First Prairie Municipal Bond Fund, Inc., Insured Series--Class A shares, or DDA#_________/First Prairie Municipal Bond Fund, Inc., Insured Series--Class B shares, as the case may be, for purchase of shares in the investor's name. The wire must include the name of the Series being purchased, the investor's account number (for new accounts, include the investor's TIN instead), account registration and dealer number, if applicable. Further information about remitting funds in this manner is provided in "Payment and Mailing Instructions" on the Fund's Account Application.

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. The investor must direct the institution to transmit immediately available funds through the Automated Clearing House to The Bank of New York with instructions to credit the investor's Fund account. The instructions must specify the investor's Fund account registration and the investor's Fund account number preceded by the digits "1111."

[FOR LEFT MARGIN SIDE BAR: REDUCED SALES LOADS FOR CLASS A SHARES APPLY TO COMBINED PURCHASES OF $50,000 OR MORE OF THIS FUND AND OTHER ELIGIBLE FIRST PRAIRIE FUNDS.]

RIGHT OF ACCUMULATION--CLASS A SHARES Reduced sales loads apply to any purchase of Class A shares of a Series where the dollar amount of shares being purchased, plus the value of shares of such Series, the other Series of the Fund, shares of certain other funds advised by the Adviser purchased with a sales load or acquired by a previous exchange of shares purchased with a sales load, and shares of certain other funds advised by the Administrator which are sold with a sales load (hereinafter referred to as "Eligible Funds") held by an investor and any related "purchaser" as defined in the Statement of Additional Information, is $50,000 or more. If, for example, an investor previously purchased and still holds Class A shares of the Insured Series, or of any other Eligible Fund or combination thereof, with an aggregate current market value of $40,000 and subsequently purchases Class A shares of such Series or an Eligible Fund having a current value of $20,000, the sales load applicable to the subsequent purchase would be reduced to 4.00% of the offering price (4.20% of the net asset value). All present holdings of Eligible Funds may be combined to determine the current offering price of the aggregate investment in ascertaining the sales load applicable to each subsequent purchase.

To qualify for reduced sales loads, at the time of a purchase an investor or his Service Agent must notify the Distributor if orders are made by wire, or the Transfer Agent if orders are made by mail. The reduced sales load is subject to confirmation of the investor's holdings through a check of appropriate records.

[FOR LEFT MARGIN SIDE BAR: YOU CAN PURCHASE ADDITIONAL SHARES BY TELEPHONE AFTER YOU SUPPLY THE NECESSARY INFORMATION ON YOUR ACCOUNT APPLICATION.]

TELETRANSFER PRIVILEGE An investor may purchase shares (minimum $500, maximum $50,000) by telephone if he has checked the appropriate box and supplied the necessary information on the Fund's Account Application or has filed an Optional Services Form with the Transfer Agent. The proceeds will be transferred between the checking, NOW or bank money market deposit account (as permitted) designated in one of these documents and the investor's Fund account. Only such an 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.

Investors who have selected the TeleTransfer Privilege may request TeleTransfer purchases. by calling 1-800-227-0072 or, if calling from overseas, 1-401-455-3309. Shares issued in certificate form are not eligible for this Privilege.

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. Each investor should consult his Service Agent in this regard.

[FOR LEFT MARGIN SIDE BAR: THERE IS NO CHARGE FOR EXCHANGES WITH CERTAIN OTHER FIRST PRAIRIE FUNDS.]

EXCHANGE PRIVILEGE The Exchange Privilege enables an investor to purchase, in exchange for Class A or Class B shares of a Series, shares of the same Class of the other Series, shares of the same Class of certain other funds advised by the Adviser, or shares of the same Class of certain funds advised by the Administrator, to the extent such shares are offered for sale in the investor's state of residence. These funds have different investment objectives that may be of interest to investors. The Exchange Privilege may be expanded to permit exchanges between a Series and other funds that, in the future, may be advised by the Adviser. Investors will be notified of any such change. If an investor desires to use this Privilege, he should consult his Service Agent or the Distributor to determine if it is available and whether any conditions are imposed on its use.

To use this Privilege, an investor or his Service Agent acting on his behalf must give exchange instructions to the Transfer Agent in writing, by wire or by telephone. If an investor previously has established the Telephone Exchange Privilege, the investor may telephone exchange instructions by calling 1-800-227-0072 or, if calling from overseas, 1-401-455-3309. See "How to Redeem Fund Shares-Procedures." Before any exchange, an investor must obtain and should review a copy of the current prospectus of the fund into which the exchange is being made. Prospectuses may be obtained from the Distributor, the Adviser, certain affiliates of the Adviser or certain Service Agents. 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 or Series into which the exchange is being made. Telephone exchanges may be made only if the appropriate "YES" box has been checked on the Account Application, or a separate signed Optional Services Form is on file with the Transfer Agent. Upon an exchange into a new account, the following shareholder services and privileges, as applicable and where available, will be automatically carried over to the fund or Series into which the exchange is made: Exchange Privilege, Check Redemption Privilege, Redemption by Wire or Telephone, TeleTransfer Privilege and the dividend/capital gain distribution option (except for the Dividend Sweep Privilege) selected by the investor.

Shares will be exchanged at the next determined net asset value; however, a sales load may be charged with respect to exchanges of Class A shares into funds sold with a sales load. No CDSC will be imposed on Class B shares at the time of an exchange; however, Class B shares acquired through an exchange will be subject on redemption to the higher CDSC applicable to the exchanged or acquired shares. The CDSC applicable on redemption of the acquired Class B shares will be calculated from the date of the initial purchase of the Class B shares exchanged. If an investor is exchanging Class A shares into a fund that charges a sales load, the investor 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 the investor is 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 an exchange, the investor must notify the Transfer Agent or the investor's Service Agent must notify the Distributor. Any such qualification is subject to confirmation of the investor's holdings through a check of appropriate records. See "Shareholder Services" in the Statement of Additional Information. No fees currently are charged shareholders directly in connection with exchanges, although the Fund reserves the right, upon not less than 60 days' written notice, to charge shareholders a nominal fee in accordance with rules promulgated by the Securities and Exchange Commission. The Fund reserves the right to reject any exchange request in whole or in part. The Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

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

AUTO-EXCHANGE PRIVILEGE The Auto-Exchange Privilege enables an investor to invest regularly (on a semi-monthly, monthly, quarterly or annual basis), in exchange for Class A or Class B shares of a Series, in shares of the same Class of the other Series, certain other funds in the First Prairie Family of Funds or certain funds advised by the Administrator of which he is currently an investor. The amount an investor designates, 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 of the month according to the exchange schedule that the investor has selected. Shares will be exchanged at the then-current net asset value; however, a sales load may be charged with respect to exchanges of Class A shares into funds sold with a sales load. No CDSC will be imposed on Class B shares at the time of an exchange; however, Class B shares acquired through an exchange will be subject on redemption to the higher CDSC applicable to the exchanged or acquired shares. The CDSC applicable on redemption of the acquired Class B shares will be calculated from the date of the initial purchase of the Class B shares exchanged. See "Shareholder Services" in the Statement of Additional Information. The right to exercise this Privilege may be modified or canceled by the Fund or the Transfer Agent. The investor or the investor's Service Agent may modify or cancel this Privilege at any time by writing to The First Prairie 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 or Series for shares of another is treated for Federal income tax purposes as a sale of the shares given in exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss. For more information concerning this Privilege and the funds eligible to participate in this Privilege, or to obtain an Auto Exchange Authorization Form, please call toll free in Illinois 1-800-621-6592, or, outside Illinois 1-800-537-4938 if Fund shares were purchased through FCIS, or 1-800-645-6561 if Fund shares were purchased through the Distributor.

[FOR LEFT MARGIN SIDE BAR: YOU CAN PURCHASE SHARES AUTOMATICALLY AT REGULAR INTERVALS WHICH YOU SELECT.]

AUTOMATIC ASSET BUILDER Automatic Asset Builder permits an investor to purchase shares of a Series (minimum of $100 per transaction) at regular intervals selected by the investor. Shares are purchased by transferring funds from the checking, NOW or bank money market deposit account (as permitted) designated by an investor. At the investor's option, the account designated by the investor will be debited in the specified amount, and shares will be purchased, once a month, on either the first or fifteenth day, or twice a month, on both days. Only an account maintained at a domestic financial institution which is an Automated Clearing House member may be so designated. To establish an Automatic Asset Builder account, the investor must file an authorization form with the Transfer Agent. The necessary authorization form may be obtained from the Distributor, the Adviser, certain affiliates of the Adviser or certain Service Agents. An investor may cancel this Privilege or change the amount of purchase at any time by mailing written notification to The First Prairie Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671, 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.

[FOR LEFT MARGIN SIDE BAR: MANY FEDERAL PAYMENTS ARE ELIGIBLE FOR FULL OR PARTIAL DIRECT DEPOSIT INTO YOUR ACCOUNT TO PURCHASE SHARES.]

GOVERNMENT DIRECT DEPOSIT PRIVILEGE Government Direct Deposit Privilege enables an investor to purchase 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 the investor's Fund account. An investor may deposit as much of such payments as the investor elects. To enroll in Government Direct Deposit, the investor must file with the Transfer Agent a completed Direct Deposit Sign-Up Form for each type of payment that the investor desires to include in this Privilege. The appropriate form may be obtained from the Distributor, the Adviser, certain affiliates of the Adviser or certain Service Agents. Death or legal incapacity will terminate an investor's participation in this Privilege. An investor may elect at any time to terminate his participation by notifying in writing the appropriate Federal agency. Further, the Fund may terminate an investor's participation upon 30 days' notice to the investor.

[FOR LEFT MARGIN SIDE BAR: YOU CAN WITHDRAW A SPECIFIED DOLLAR AMOUNT FROM YOUR ACCOUNT EVERY MONTH OR QUARTER.]

AUTOMATIC WITHDRAWAL PLAN The Automatic Withdrawal Plan permits an investor to request withdrawal of a specified dollar amount (minimum of $50) on either a monthly or quarterly basis if the investor has a $5,000 minimum account. An application for the Automatic Withdrawal Plan can be obtained from the Distributor, the Adviser, certain affiliates of the Adviser or certain Service Agents. The Automatic Withdrawal Plan may be ended at any time by the investor, the Fund or the Transfer Agent. Shares for which certificates have been issued may not be redeemed through the Automatic Withdrawal Plan.

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

[FOR LEFT MARGIN SIDE BAR: YOU CAN "SWEEP" YOUR DIVIDENDS AND CAPITAL GAIN DISTRIBUTIONS INTO CERTAIN OTHER FIRST PRAIRIE FUNDS.]

DIVIDEND SWEEP PRIVILEGE The Dividend Sweep Privilege enables an investor to invest automatically dividends or dividends and capital gain distributions, if any, paid by the Series in shares of the same Class of another fund or series in the First Prairie Family of Funds or certain other funds advised or administered by the Administrator of which the investor is 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 an investor is investing in a fund that charges a sales load, the investor may qualify for share prices which do not include the sales load or which reflect a reduced sales load. If an investor is investing in a fund that charges a CDSC, the shares purchased will be subject to the CDSC, if any, applicable to the purchased shares. See "Shareholder Services" in the Statement of Additional Information. For more information concerning this Privilege and the funds eligible to participate in this Privilege, or to request a Dividend Sweep Authorization Form, investors should call toll free in Illinois 1-800-621-6592, or, outside Illinois, 1-800-537-4938 if Fund shares were purchased through FCIS, or 1-800-645-6561 if Fund shares were purchased through the Distributor. To cancel this Privilege, the investor or the investor's Service Agent must mail written notification to The First Prairie Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. This Privilege will be canceled with respect to Fund shares exchanged for shares of another fund through the Exchange Privilege or Auto-Exchange Privilege. To select a new fund after cancellation, the investor or the investor's Service Agent must submit a new authorization form to the Transfer Agent. Enrollment in or cancellation of this Privilege is effective three business days following receipt by the Transfer Agent. This Privilege is available only for existing accounts and may not be used to open new accounts. Minimum subsequent investments do not apply. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

[FOR LEFT MARGIN SIDE BAR: BY SIGNING A LETTER OF INTENT TO PURCHASE ADDITIONAL CLASS A SHARES WITHIN 13 MONTHS, YOU BECOME ELIGIBLE FOR ANY REDUCED SALES CHARGES APPLYING TO THE TOTAL PURCHASE.]

LETTER OF INTENT--CLASS A SHARES By signing a Letter of Intent form, available from the Distributor, the Adviser, certain affiliates of the Adviser or certain Service Agents, an investor becomes eligible for the reduced sales load applicable to the total number of Eligible Funds shares purchased in a 13-month period pursuant to the terms and conditions set forth in the Letter of Intent. A minimum initial purchase of $5,000 is required. To compute the applicable sales load, the offering price of shares the investor holds (on the date of submission of the Letter of Intent) in any Eligible Fund that may be used toward "Right of Accumulation" benefits described above may be used as a credit toward completion of the Letter of Intent. However, the reduced sales load will be applied only to new purchases.

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

HOW TO REDEEM FUND SHARES

[FOR LEFT MARGIN SIDE BAR: YOU CAN REDEEM FUND SHARES AT ANY TIME.]

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

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

The Fund ordinarily will make payment for all shares redeemed within seven days after receipt by the Transfer Agent of a redemption request in proper form, except as provided by the rules of the Securities and Exchange Commission. HOWEVER, IF AN INVESTOR HAS PURCHASED FUND SHARES BY CHECK, BY TELETRANSFER PRIVILEGE OR THROUGH AUTOMATIC ASSET BUILDER AND SUBSEQUENTLY SUBMITS A WRITTEN REDEMPTION REQUEST TO THE TRANSFER AGENT, THE REDEMPTION PROCEEDS WILL BE TRANSMITTED TO THE INVESTOR PROMPTLY UPON BANK CLEARANCE OF THE INVESTOR'S PURCHASE CHECK, TELETRANSFER PURCHASE OR AUTOMATIC ASSET BUILDER ORDER, WHICH MAY TAKE UP TO EIGHT BUSINESS DAYS OR MORE. IN ADDITION, THE FUND WILL NOT HONOR REDEMPTION CHECKS UNDER THE CHECK REDEMPTION PRIVILEGE, AND WILL REJECT REQUESTS TO REDEEM SHARES BY WIRE OR TELEPHONE OR PURSUANT TO THE TELETRANSFER PRIVILEGE, FOR A PERIOD OF EIGHT BUSINESS DAYS AFTER RECEIPT BY THE TRANSFER AGENT OF THE PURCHASE CHECK, THE TELETRANSFER PURCHASE OR THE AUTOMATIC ASSET BUILDER ORDER AGAINST WHICH SUCH REDEMPTION IS REQUESTED. THESE PROCEDURES WILL NOT APPLY IF THE INVESTOR'S SHARES WERE PURCHASED BY WIRE PAYMENT, OR IF THE INVESTOR OTHERWISE HAS A SUFFICIENT COLLECTED BALANCE IN HIS ACCOUNT TO COVER THE REDEMPTION REQUEST. PRIOR TO THE TIME ANY REDEMPTION IS EFFECTIVE, DIVIDENDS ON SUCH SHARES WILL ACCRUE

AND BE PAYABLE, AND THE INVESTOR WILL BE ENTITLED TO EXERCISE ALL OTHER RIGHTS OF BENEFICIAL OWNERSHIP. Fund shares will not be redeemed until the Transfer Agent has received the investor's Account Application.

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

CONTINGENT DEFERRED SALES CHARGE--CLASS B SHARES A CDSC payable to FCIS and other Service Agents is imposed on any redemption of Class B shares which reduces the current net asset value of an investor's Class B shares to an amount which is lower than the dollar amount of all payments by the investor for the purchase of Class B shares of the Fund held by the investor at the time of redemption. No CDSC will be imposed to the extent that the net asset value of the Class B shares redeemed does not exceed (i) the current net asset value of Class B shares acquired through reinvestment of dividends or capital gain distributions, plus (ii) increases in the net asset value of an investor's Class B shares above the dollar amount of all the investor's payments for the purchase of Class B shares of the Fund held by the investor at the time of redemption.

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

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

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

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

For example, assume an investor purchased 100 shares at $10 a share for a cost of $1,000. Subsequently, the shareholder acquired five additional shares through dividend reinvestment.

During the second year after the purchase the investor decided to redeem $500 of his or her investment. Assuming at the time of the redemption the net asset value had appreciated to $12 per share, the value of the investor's shares would be $1,260 (105 shares at $12 per share). The CDSC would not be applied to the value of the reinvested dividend shares and the amount which represents appreciation ($260). Therefore, $240 of the $500 redemption proceeds ($500 minus $260) would be charged at a rate of 3% (the applicable rate in the second year after purchase) for a total CDSC of $7.20.

WAIVER OF CDSC--The CDSC will be waived in connection with (a) redemptions made within one year after the death or disability, as defined in Section 72(m)(7) of the Code, of the shareholder, (b) redemptions by Eligible Benefit Plans, (c) redemptions as a result of a combination of any investment company with the Fund by merger, acquisition of assets or otherwise, (d) a distribution following retirement under a tax-deferred retirement plan or upon attaining age 70-1/2 in the case of an IRA or Keogh plan or custodial account pursuant to Section 403(b) of the Code, and (e) redemptions by such shareholders as the Securities and Exchange Commission or its staff may permit. If the Fund's Directors determine to discontinue the waiver of the CDSC, the disclosure in the Fund's prospectus will be revised appropriately. Any Fund shares subject to a CDSC which were purchased prior to the termination of such waiver will have the CDSC waived as provided in the Fund's prospectus at the time of the purchase of such shares.

To qualify for a waiver of the CDSC, at the time of redemption the investor must notify the Transfer Agent or the investor's Service Agent must notify the Distributor or FCIS. Any such qualification is subject to confirmation of your entitlement.

[FOR LEFT MARGIN SIDE BAR: THE FUND OFFERS A NUMBER OF CONVENIENT WAYS TO ACCESS YOUR INVESTMENT.]

PROCEDURES An investor who has purchased shares through his account at the Adviser or a Service Agent must redeem shares by following instructions pertaining to such account. If an investor has given his Service Agent authority to instruct the Transfer Agent to redeem shares and to credit the proceeds of such redemption to a designated account at the Service Agent, the investor may redeem shares only in this manner and in accordance with a written redemption request pursuant to the regular redemption procedure described below. Investors who wish to use the other redemption methods described below, must arrange with their Service Agents for delivery of the required application(s) to the Transfer Agent. It is the responsibility of the Adviser or the Service Agent to transmit the redemption order and credit the investor's account with the redemption proceeds on a timely basis. Other investors may redeem shares by using the regular redemption procedure through the Transfer Agent, using the Check Redemption Privilege with respect to Class A shares only, by wire or telephone, or through the TeleTransfer Privilege, as described below.

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

An investor may redeem or exchange shares by telephone if the investor has checked the appropriate box on the Fund's Account Application or has filed an Optional Services Form with the Transfer Agent. By selecting a telephone redemption or exchange privilege, an investor authorizes the Transfer Agent to act on telephone instructions from any person representing himself or herself to be the investor, or a representative of the investor's Service Agent, and reasonably believed by the Transfer Agent to be genuine. 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, an investor may experience difficulty in contacting the Transfer Agent by telephone to request a redemption or exchange of shares of a Series. In such cases, investors should consider using the other redemption procedures described herein. Use of these other redemption procedures may result in the investor's redemption request being processed at a later time than it would have been if telephone redemption had been used. During the delay, the Series' net asset value may fluctuate.

[FOR LEFT MARGIN SIDE BAR: SHARES MAY BE REDEEMED BY WRITTEN REQUEST.]

REGULAR REDEMPTION Under the regular redemption procedure, an investor may redeem shares by written request, indicating the Series and Class of shares being redeemed, mailed to The First Prairie Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. 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. For more information with respect to signature-guarantees, please call the telephone number shown on the front cover.

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.

[FOR LEFT MARGIN SIDE BAR: THE FUND PROVIDES FREE REDEMPTION CHECKS FOR CLASS A WHICH YOU CAN USE IN AMOUNTS OF $500 OR MORE.]

CHECK REDEMPTION PRIVILEGE--CLASS A SHARES An investor may request on the Account Application, Optional Services Form or by later written request to the Fund that the Fund provide Redemption Checks drawn on the Series' 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 Series' Class A shares should be considered in determining the amount of the check. Redemption Checks should not be used to close an account. Redemption Checks are free, but the Transfer Agent will impose a fee for stopping payment of a Redemption Check at the investor's request or if the Transfer Agent cannot honor the Redemption Check due to insufficient funds or other valid reason. Shares for which certificates have been issued may not be redeemed by Redemption Check. This Privilege may be modified or terminated at any time by the Fund or the Transfer Agent upon notice to the holders of Class A shares.

[FOR LEFT MARGIN SIDE BAR: YOU CAN REDEEM SHARES BY WIRE OR TELEPHONE.]

REDEMPTION BY WIRE OR TELEPHONE An investor may redeem shares by wire or by telephone if he has checked the appropriate box and supplied the necessary information on the Fund's Account Application or has filed an Optional Services Form with the Transfer Agent. The redemption proceeds may be wired ($1,000 minimum) to the investor's bank account or paid by check. Investors can redeem shares by telephone by calling 1-800-227-0072 or, if calling from overseas, 1-401-455-3309. The Fund reserves the right to refuse any request made by wire or telephone and may limit the amount involved or the number of telephone redemptions. 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 redeeming shares by wire. Shares for which certificates have been issued may not be redeemed by wire or telephone.

[FOR LEFT MARGIN SIDE BAR: CALL 1-800-227-0072 FOR TELETRANSFER TRANSACTIONS.]

TELETRANSFER PRIVILEGE An investor may redeem shares (minimum $500, maximum $50,000) without charge by telephone if he has checked the appropriate box and supplied the necessary information on the Fund's Account Application or has filed an Optional Services Form with the Transfer Agent. The proceeds will be transferred between the investor's Fund account and the checking, NOW or bank money market deposit account (as permitted) designated in one of these documents. Only such an account maintained in a domestic financial institution which is an Automated Clearing House member may be so designated. Redemption proceeds will be on deposit in the investor's account at an Automated Clearing House member bank ordinarily two days after receipt of the redemption request. 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.

Investors who have selected the TeleTransfer Privilege may request a TeleTransfer redemption by calling 1-800-227-0072 or, if calling from overseas, 1-401-455-3309. Shares issued in certificate form are not eligible for this Privilege.

DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

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

DISTRIBUTION PLAN--Under the Distribution Plan, adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund pays for advertising, marketing and distributing Class B shares at an annual rate of up to .50 of 1% of the value of the average daily net assets of Class B. Under the Distribution Plan, the Fund may make payments to Service Agents, including FCSI and the Distributor, in respect of these services. The Fund determines the amounts to be paid to Service Agents. Service Agents receive such fees in respect of the average daily value of Class B shares owned by their clients. From time to time, Service Agents may defer or waive receipt of fees under the Distribution Plan while retaining the ability to be paid by the Fund under the Distribution Plan thereafter. The fees payable to Service Agents under the Distribution Plan for advertising, marketing and distributing Class B shares are payable without regard to actual expenses incurred.

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

DIVIDENDS, DISTRIBUTIONS AND TAXES

[FOR LEFT MARGIN SIDE BAR: THE FUND ORDINARILY DECLARES DIVIDENDS FROM EACH SERIES' NET INVESTMENT INCOME ON EACH BUSINESS DAY.]

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

[FOR LEFT MARGIN SIDE BAR: DIVIDENDS ARE USUALLY PAID ON THE LAST CALENDAR DAY OF EACH MONTH AND AUTOMATICALLY REINVESTED IN ADDITIONAL SHARES WITH NO SALES CHARGE, OR PAID IN CASH IF YOU SO REQUEST.]

Dividends usually are paid on the last calendar day of each month, and are automatically reinvested in additional shares of the Series from which they were paid at net asset value without a sales load or, at the investor's option, paid in cash. Each Series' earnings for Saturdays, Sundays and holidays are declared as dividends on the preceding business day. If an investor deems all shares in his account at any time during the month, all dividends to which such investor is entitled are paid to the investor along with the proceeds of the redemption. Distributions from net realized securities gains, if any, generally are declared and paid by each Series once a year, but each Series may make distributions on a more frequent basis to comply with the distribution requirements of the Code, in all events in a manner consistent with the provisions of the Investment Company Act of 1940. The Fund will not make distributions from net realized securities gains unless capital loss carryovers, if any, have been utilized or have expired. Investors may choose whether to receive distributions in cash or to reinvest in additional shares of the same Class of the Series from which distributions were paid at net asset value without a sales load. All expenses are accrued daily and deducted before declaration of dividends to investors. Dividends paid by each Class will be calculated at the same time and in the same manner and will be of the same amount, except that the expenses attributable solely to Class A or Class B will be borne exclusively by such Class. Class B shares will receive lower per share dividends than Class A shares because of the higher expenses borne by Class B. See "Fee Table."

[FOR LEFT MARGIN SIDE BAR: DIVIDENDS FROM CERTAIN INVESTMENTS AND CAPITAL GAIN DISTRIBUTIONS ARE NOT TAX EXEMPT.]

Except for dividends from Taxable Investments, the Fund anticipates that a substantial portion of the dividends paid by a Series will not be subject to Federal income tax. Dividends derived from Taxable Investments, together with distributions from any net realized short-term securities gains generated by a Series and gains from the sale or other disposition of market discount bonds, paid by a Series are taxable as ordinary income whether received in cash or reinvested in additional Fund shares. No dividend paid by a Series will qualify for the dividends received deduction allowable to certain U.S. corporations. Distributions from net realized long-term securities gains of a Series generally are taxable as long-term capital gains for Federal income tax purposes if an investor is a citizen or resident of the United States. Dividends and distributions attributable to gains derived from securities transactions and from the use of certain of the investment techniques described under "Description of the Fund-Investment Techniques," will be subject to Federal income tax. The Code provides that the net capital gain of an individual generally will not be subject to Federal income tax at a rate in excess of 28%. Under the Code, interest on indebtedness incurred or continued to purchase or carry Series' shares which is deemed to relate to exempt-interest dividends is not deductible.

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

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

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

[FOR LEFT MARGIN SIDE BAR: NOTICE AS TO THE TAX STATUS OF YOUR DIVIDENDS AND DISTRIBUTIONS WILL BE MAILED TO YOU EACH YEAR. YOU WILL ALSO RECEIVE REGULAR SUMMARIES OF YOUR ACCOUNT.]

Notice as to the tax status of an investor's dividends and distributions will be mailed to such investor annually. Each investor also will receive periodic summaries of such investor's account which will include information as to dividends and distributions from net securities gains, if any, paid during the year. These statements set forth the dollar amount of income exempt from Federal tax and the dollar amount, if any, subject to Federal tax, the amount, if any, of interest which gives rise to a preference item for the purpose of the alternative minimum tax and the percentage of tax exempt income attributable to the respective states. These dollar amounts will vary depending on the size and length of time the investor has invested in a Series. If a Series pays dividends derived from taxable income, it intends to designate as taxable the same percentage of the day's dividends as the actual taxable income earned on that day bears to total income earned on that day. Thus, the percentage of the dividend designated as taxable, if any, may vary from day to day.

[FOR LEFT MARGIN SIDE BAR: AS INVESTOR WHO DOES NOT FURNISH THE FUND WITH A CORRECT TAXPAYER IDENTIFICATION NUMBER, MAY BE SUBJECT TO 31% WITHHOLDING TAX ON ALL TAXABLE DIVIDENDS, DISTRIBUTIONS AND REDEMPTION PROCEEDS.]

Federal regulations generally require the Fund to withhold ("backup withholding") and remit to the U.S. Treasury 31% of taxable dividends, distributions from net realized securities gains and the proceeds of any redemption, regardless of the extent to which gain or loss may be realized, paid to a shareholder if such shareholder fails to certify either that the TIN furnished in connection with opening an account is correct or that such shareholder has not received notice from the IRS of being subject to backup withholding as a result of a failure to property report taxable dividend or interest income on a Federal income tax return. Furthermore, the IRS may notifies 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 each Series has qualified for the fiscal year ended February 28, 1993 as a "regulated investment company" under Subchapter M of the Code and has satisfied conditions which will enable interest from Municipal Obligations, which is exempt from Federal income tax with respect to the Series, to retain such tax exempt status when distributed to the shareholders of the Series. As a regulated investment company, the Series will not pay Federal income taxes on net investment income and net realized capital gains otherwise taxable to it that is distributed to investors. Each Series is subject to a non-deductible 4% excise tax, measured with respect to certain undistributed amounts of taxable investment income and capital gains.

The foregoing is a general summary of the applicable provisions of the Code and Treasury regulations presently in effect, and does not address state or local taxes. It does not discuss all of the aspects of Federal income taxation that may be relevant to investors who are subject to special treatment under the Federal income tax laws (for example, foreign corporations or persons). In addition, dividends and distributions from the Series or Series shares themselves may be subject to state and local taxes. Investors should consult their tax advisers regarding specific questions as to Federal, state and local tax law.

PERFORMANCE INFORMATION

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

[FOR LEFT MARGIN SIDE BAR: "CURRENT YIELD" IS THE SERIES' NET INVESTMENT INCOME OVER A 30-DAY PERIOD, EXPRESSED AS AN ANNUAL PERCENTAGE AND ASSUMING ALL INCOME IS REINVESTED.]

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

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

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

[FOR LEFT MARGIN SIDE BAR: "TOTAL RETURN" COMBINES THE INCOME AND PRINCIPAL CHANGES FOR A SPECIFIED PERIOD, ASSUMING ALL DIVIDENDS AND DISTRIBUTIONS ARE REINVESTED.]

Total return is computed on a per share basis and assumes the reinvestment of dividends and distributions. Total return generally is expressed as a percentage rate which is calculated by combining the income and principal changes for a specified period and dividing by the maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B at the beginning of the period. Advertisements may include the percentage rate of total return or may include the value of a hypothetical investment at the end of the period which assumes the application of the percentage rate of total return. Total return also may be calculated by using the net asset value per share at the beginning of the period instead of the maximum offering price per share at the beginning of the period for Class A shares or without giving effect to any applicable CDSC at the end of the period for Class B shares. Calculations based on the net asset value per share do not reflect the deduction of the sales load which, if reflected, would reduce the performance quoted.

[FOR LEFT MARGIN SIDE BAR: PERFORMANCE VARIES FROM TIME TO
TIME AND PAST RESULTS ARE NOT NECESSARILY REPRESENTATIVE OF FUTURE RESULTS.]

Performance will vary from time to time and past results are not necessarily representative of future results. Each investor 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., Moody's Bond Survey Bond Index, Shearson Lehman Brothers Municipal Bond Index and other industry publications. The yield of the Intermediate Series should generally be higher than comparable money market funds (the Series, however, does not seek to maintain a stabilized price per share and may not be able to return an investor's principal) and its price per share should fluctuate less than comparable long-term bond funds (which generally have somewhat higher yields).

GENERAL INFORMATION

The Fund was incorporated under Maryland law on December 8, 1987, and each Series commenced operations on March 1, 1988. On February 1, 1994, the fund, which is incorporated under the name First Prairie Tax Exempt Bond Fund, Inc., began operating under the name First Prairie Municipal Bond Fund. The Fund is authorized to issue 5 billion shares of Common Stock (2.5 billion in the Intermediate Series and 2.5 billion in the Insured Series), par value $.001 per share. Each Series' shares are classified into two classes--Class A and Class B. Each share has one vote and shareholders will vote in the aggregate and not by class except as otherwise required by law or when class voting is permitted by the Board of Directors. However, holders of Class A and Class B shares will be entitled to vote on matters submitted to shareholders pertaining to the Shareholder Services Plan and only holders of Class B shares will be entitled to vote on matters submitted to shareholders pertaining to the Distribution Plan.

On December 29, 1993, shareholders approved a proposal to change certain of each Series' fundamental policies and investment restrictions, among other things, to increase (i) the amount the Series may borrow from banks for temporary or emergency purposes, (ii) the amount of assets that it may pledge to secure such borrowings, (iii) the percentage of assets which may be invested in illiquid securities and make such policy non-fundamental and (iv) the amount of portfolio securities which it may lend.

To date, the Board of Directors has authorized the creation of two series of shares. All consideration received by the Fund for shares of one of the Series and all assets in which such consideration is invested will belong to that Series (subject only to the rights of creditors of the Fund) and will be subject to the liabilities related thereto. The income attributable to, and the expenses of, one Series (and as to classes within a Series) are treated separately from those of the other Series (and classes). The Fund has the ability to create, from time to time, new series without shareholder approval.

Effective September 12, 1989, the Insured Series (then the "Long-Term Series") adopted its current management policy and changed its name from Long-Term Series to Insured Series. Prior to the revision in management policies, the Series was not required to invest at least 65% of the value of its total assets in Municipal Obligations insured as to timely payment of principal and interest by recognized insurers of Municipal Obligations and, under normal market conditions, the dollar-weighted average maturity of such Series' portfolio exceeded ten years and it invested in Municipal Obligations rated A or better by Moody's or S&P. Any reference herein and in the Statement of Additional Information to the Insured Series, including any financial information and performance data, relating to such Series prior to September 12, 1989 reflects such Series' portfolio as constituted prior to the revision to its management policy.

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 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 had been elected by shareholders.

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

The Transfer Agent maintains a record of each investor's ownership and sends confirmations and statements of account.

Investor inquiries may be made to the investor's Service Agent, including the Adviser, or by writing to the Fund at the address shown on the front cover or by calling the telephone number shown on the front cover.

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.

FIRST PRAIRIE MUNICIPAL BOND FUND
CLASS A AND CLASS B SHARES
PART B
(STATEMENT OF ADDITIONAL INFORMATION)

________, 1994

This Statement of Additional Information, which is not a prospectus, supplements and should be read in conjunction with the current Prospectus of First Prairie Municipal Bond Fund (the "Fund"), dated ______, 1994, as it may be revised from time to time. To obtain a copy of the Fund's Prospectus, please write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or call toll free 1-800-346-3621.

The First National Bank of Chicago (the "Adviser") serves as the Fund's investment adviser.

The Dreyfus Corporation (the "Administrator") serves as the Fund's administrator.

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

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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."

The average distribution of investments (at value) in Municipal Obligations by ratings for the fiscal year ended February 28, 1993, computed on a monthly basis, was as follows:

<TABLE>

<CAPTION>

Fitch Investors Service, Inc. ("Fitch") or	Moody's Investors Service, Inc. ("Moody's") or	Standard & Poor's Corporation ("S&P")	Percentage of Value Intermediate Series	Percentage of Value Insured Series
<S>	<C>	<C>	<C>	<C>
AAA	Aaa	AAA	62.6%	96.4%
AA	Aa	AA	16.1	-
A	A	A	16.2	-
F1	MIG 1/VMIG 1	SP1	3.6	3.1
F1	P1	A1	1. 5	.5
			100.0%	100.0%

</TABLE>

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

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

The yields on Municipal Obligations are dependent on a variety of factors, including general economic and monetary conditions, money market factors, conditions in the Municipal Obligations market, size of a particular offering, maturity of the obligation and rating of the issue. The imposition of the Fund's advisory and administration fees, as well as other operating expenses, including fees paid under the Fund's Shareholder Services Plan with respect to each Class and the Distribution Plan with respect to Class B shares only, will have the effect of reducing the yield to investors.

Municipal lease obligations or installment purchase contract obligations (collectively, "lease obligations") have special risks not ordinarily associated with Municipal Obligations. Although lease obligations do not constitute general obligations of the municipality for which the municipality's taxing power is pledged, a lease obligation ordinarily is backed by the municipality's covenant to budget for, appropriate and make the payments due under the lease obligation. However, certain lease obligations contain "non-appropriation" clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis. Although "non-appropriation" lease obligations are secured by the leased property, disposition of the property in the event of foreclosure might prove difficult. The Fund will seek to minimize these risks by not investing more than 15% of a Series' total assets in lease obligations that contain "non-appropriation" clauses, and by investing only in those "non-appropriation" lease obligations where (1) the nature of the leased equipment or property is such that its ownership or use is essential to a governmental function of the municipality, (2) the lease payments will commence amortization of principal at an early date resulting in an average life of seven years or less for the lease obligation, (3) appropriate covenants will be obtained from the municipal obligor prohibiting the substitution or purchase of similar equipment if lease payments are not appropriated, (4) the lease obligor has maintained good market acceptability in the past, (5) the investment is of a size that will be attractive to institutional investors, and (6) the underlying leased equipment has elements of portability and/or use that enhance its marketability in the event foreclosure on the underlying equipment is ever required. The staff of the Securities and Exchange Commission currently considers certain lease obligations to be illiquid. Accordingly, not more than 15% of the value of a Series' net assets will be invested in lease obligations that are illiquid and in other illiquid securities. See "Investment Restriction No. 11" below.

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

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

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

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

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

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

Lending Portfolio Securities. To a limited extent, each Series may lend its portfolio securities to brokers, dealers and other financial institutions, provided it receives cash collateral which at all times is maintained in an amount equal to at least 100% of the current market value of the securities loaned. By lending its portfolio securities, a Series can increase its income through the investment of the cash collateral. For purposes of this policy, the Fund considers collateral consisting of U.S. Government securities or irrevocable letters of credit issued by banks whose securities meet the standards for investment by the Series to be the equivalent of cash. Such loans may not exceed 33-1/3% of a

Series' total assets. From time to time, the Series may return to the borrower or a third party which is unaffiliated with the Series, and which is acting as a "placing broker," a part of the interest earned from the investment of collateral received for securities loaned.

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

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

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

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

Time deposits are non-negotiable deposits maintained in a banking institution for a specified period of time (in no event longer than seven days) at a stated interest rate. Investments in time deposits generally are limited to London branches of domestic banks that have total assets in excess of $1 billion. Time deposits which may be held by the Fund will not benefit from insurance from the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation.

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

Repurchase agreements involve the acquisition by a Series of an underlying debt instrument, subject to an obligation of the seller to repurchase, and the Series to resell, the instrument at a fixed price, usually not more than one week after its purchase. The Fund's custodian or subcustodian will have custody of, and will hold in a segregated account, securities acquired by the Fund under a repurchase agreement. Repurchase agreements are considered by the staff of the Securities and Exchange Commission to be loans by the Series which enters into them. In an attempt to reduce the risk of incurring a loss on a repurchase agreement, the Series will enter into repurchase agreements only with domestic banks with total assets in excess of $1 billion or primary government securities dealers reporting to the Federal Reserve Bank of New York, with respect to securities of the type in which the Series may invest, and will require that additional securities be deposited with it if the value of the securities purchased should decrease below resale price. The Adviser will monitor on an ongoing basis the value of the collateral to assure that it always equals or exceeds the repurchase price. Certain costs may be incurred 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 a Series may be delayed or limited. Each Series will consider on an ongoing basis the creditworthiness of the institutions with which it enters into repurchase agreements.

Investment Restrictions. Each Series has adopted investment restrictions numbered 1 through 8 as fundamental policies. These restrictions cannot be changed, as to a Series, without approval by the holders of a majority (as defined in the Investment Company Act of 1940, as amended (the "Act")) of such Series' outstanding voting shares. Investment restrictions numbered 9 through 13 are not fundamental policies and may be changed by vote of a majority of the Directors at any time. Neither Series may:

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

2. Borrow money, except to the extent permitted under the Act. For purposes of this investment restriction, the entry into options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes shall not constitute borrowing.

3. Purchase or sell real estate, or oil and gas interests, but each Series may invest in Municipal Obligations secured by real estate or interests therein, or prevent the Fund from purchasing and selling options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes.

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

5. Make loans to others, except through the purchase of debt obligations and the entry into repurchase agreements; however, each Series may lend its portfolio securities in an amount not to exceed 33-1/3% of the

value of its total assets. Any loans of portfolio securities will be made according to guidelines established by the Securities and Exchange Commission and the Fund's Board of Directors.

6. Issue any senior security (as such term is defined in Section 18(f) of the Act), except to the extent that the activities permitted in Investment Restriction Nos. 2, 7, 8 and 11 may be deemed to give rise to a senior security.

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

8. Invest in commodities, except that each Series may purchase and sell forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes.

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

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

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

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

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

For purposes of Investment Restriction No. 1, industrial development bonds, where the payment of principal and interest is the ultimate responsibility of companies within the same industry, are grouped together as an "industry." If a percentage restriction is adhered to at the time of investment, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of such restriction.

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

MANAGEMENT OF THE FUND

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. The Director who is deemed to be an "interested person" of the Fund, as defined in the Act, is indicated by an asterisk.

Directors and Officers of the Fund

*JOSEPH S. DiMARTINO, President and Director. President, Chief Operating Officer and a Director of the Administrator, Executive Vice President and a Director of the Distributor and an officer, director or trustee of other investment companies advised or administered by the Administrator. He is also a Director of Noel Group, Inc., Director and Corporate Member of The Muscular Dystrophy Association and a Trustee of Bucknell University. His address is 200 Park Avenue, New York, New York 10166.

JOHN P. GOULD, Director. Distinguished Service Professor of Economics of the University of Chicago Graduate School of Business. Since 1988, a Director of Vulcan Materials Company, a chemicals manufacturer and producer of construction aggregates. Since 1986, Director of Argonne--Chicago Development Corporation, an affiliate of, and the entity responsible for commercializing the technology of, both the University of Chicago and Argonne National Laboratory. Since 1986, Dean Gould also has served as a Director of DFA Investment Dimensions Group, a series mutual fund. From 1983 to 1993, Dean of the University of Chicago Graduate School of Business. His address is 1101 East 58th Street, Chicago, Illinois 60637.

RAYMOND D. ODDI, Director. Private consultant. A Director of Caremark International, Inc. and Medisense, Inc., companies in the health care industry, and Baxter Credit Union. From 1978 to 1986, Senior Vice President of Baxter International, Inc., a company engaged in the production of medical care products. He also is a member of the Illinois Society of Certified Public Accountants. His address is 1181 Loch Lane, Lake Forest, Illinois 60045.

Each of the "non-interested" Directors also is a trustee of First Prairie Cash Management, First Prairie Diversified Asset Fund, First Prairie Money Market Fund, First Prairie Tax Exempt Money Market Fund, First Prairie U.S. Government Income Fund and First Prairie U.S. Treasury Securities Cash Management.

The Fund does not pay any remuneration to its officers and Directors other than fees and expenses to Directors who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of the Adviser or the Administrator or any affiliate of either of them. With respect to the Intermediate Series and the Insured Series, such fees and expenses totalled $3,983 and $1,525, respectively, for the fiscal year ended February 28, 1993, for all such Directors as a group.

For so long as the Fund's plans described in the section captioned "Distribution Plan and Shareholder Services Plan" remain 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.

Officers of the Fund Not Listed Above

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

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

JOHN J. PYBURN, Treasurer. Assistant Vice President of the Administrator and an officer of other investment companies advised or administered by the Administrator.

JEAN FARLEY, Controller. Senior Accounting Manager of the Fund Accounting Department of the Administrator and an officer of other investment companies advised or administered by the Administrator.

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

ROBERT I. FRENKEL, Assistant Secretary. Senior Assistant General Counsel to the Administrator and an officer of other investment companies advised or administered by the Administrator.

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

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 each Series' shares of common stock outstanding on January 12, 1994.

INVESTMENT ADVISORY AND ADMINISTRATION AGREEMENTS

The following information supplements and should be read

in
conjunction with the section in the Fund's Prospectus entitled "Management of the Fund."

Investment Advisory Agreement. The Adviser provides management services pursuant to the Investment Advisory Agreement (the "Advisory Agreement") dated December 16, 1987 (as revised June 14, 1989) with the Fund. As to each Series, the Advisory Agreement 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 such Series' outstanding voting securities, provided that in either event the 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 Adviser, by vote cast in person at a meeting called for the purpose of voting on such approval. Shareholders of each Series last approved the Advisory Agreement on June 14, 1989, and the Board of Directors, including a majority of the Directors who are not "interested persons" of any party to the Advisory Agreement, last voted to renew the Advisory Agreement at a meeting held on December 10, 1993. The Advisory Agreement is terminable without penalty, as to each Series, on 60 days' notice, by the Fund's Board of Directors or by vote of the holders of a majority of such Series' shares or, upon not less than 90 days' notice, by the Adviser. The Advisory Agreement will terminate automatically, as to the relevant Series, in the event of its assignment (as defined in the Act).

As compensation for the Adviser's services to the Fund, the
Fund has agreed to pay the Adviser a fee, computed daily and paid monthly, at an annual rate of .40 of 1% of the value of each Series' average daily net assets. For the fiscal years ended February 28/29, 1991, 1992 and 1993, no fees were paid by the Fund pursuant to various undertakings by the Adviser.

The Fund has agreed that neither the Adviser nor the Administrator will 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 the Adviser's or the Administrator's respective agreement with the Fund relates, except for a loss resulting from wilful misfeasance, bad faith or gross negligence on the part of the Adviser or the Administrator, as the case may be, in the performance of its obligations or from reckless disregard by it of its obligations and duties under its respective agreement with the Fund.

Administration Agreement. Pursuant to the Administration
Agreement (the "Administration Agreement") dated December 16, 1987 (as revised December 6, 1989) with the Fund, the Administrator furnishes the Fund clerical help and accounting, data processing, bookkeeping, internal auditing and legal services and certain other services required by the Fund, prepares reports to the Fund's shareholders, tax returns, reports to and filings with the Securities and Exchange Commission and state Blue Sky authorities, calculates the net asset value of each Series' shares and generally assists in all aspects of the Fund's operation, other than providing investment advice. The Administrator bears all expenses in connection with the performance of its services and pays the salaries of all officers and employees who are employed by both it and the Fund.

As to each Series, the Administration Agreement 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 such Series' outstanding voting securities, provided that in either event the 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 Administrator, by vote cast in person at a meeting called for the purpose of voting on such approval. Shareholders of each Series last approved the Administration Agreement on June 14, 1989, and the Board of Directors, including a majority of the Directors who are not "interested persons" of any party to the Administration Agreement, last voted to renew the Administration Agreement at a meeting held on December 10, 1993. The Administration Agreement is terminable without penalty, as to each Series, on not more than 60 days' notice, by the Fund's Board of Directors or by vote of the holders of a majority of such Series' shares or, upon not less than 90 days' notice, by

the Administrator. The Administration Agreement will terminate automatically, as to the relevant Series, in the event of its assignment (as defined in the Act).

As compensation for the Administrator's services to the Fund, the Fund has agreed to pay the Administrator a fee, computed daily and paid monthly, at an annual rate of .20 of 1% of the value of each Series' average daily net assets. For the fiscal years ended February 28/29, 1991, 1992 and 1993, no fees were paid by the Fund pursuant to various undertakings by the Administrator.

In addition to the persons named as such in the section entitled "Management of the Fund," the following persons are officers and/or directors of the Administrator: Howard Stein, Chairman of the Board and Chief Executive Officer; Julian M. Smerling, Vice Chairman of the Board of Directors; Alan M. Eisner, Vice President and Chief Financial Officer; David W. Burke, Vice President and Chief Administrative Officer; Robert F. Dubuss, Vice President; Elie M. Genadry, Vice President--Institutional Sales; Peter A. Santoriello, Vice President; Robert H. Schmidt, Vice President; Kirk V. Stumpp, Vice President--New Product Development; Philip L. Toia, Vice President; Katherine C. Wickham, Assistant Vice President; Maurice Bendrihem, Controller; and Mandell L. Berman, Alvin E. Friedman, Lawrence M. Greene, Abigail Q. McCarthy and David B. Truman, directors.

Expenses and Expense Information. All expenses incurred in
the operation of the Fund are borne by the Fund, except to the extent specifically assumed by the Adviser and/or the Administrator. The expenses borne by the Fund include the following: organizational costs, 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 Adviser or the Administrator, Securities and Exchange Commission fees, state Blue Sky qualification fees, advisory and administration fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of maintaining corporate existence, costs of independent pricing services, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of shareholders' reports and corporate meetings, and any extra-ordinary expenses. Class A and Class B shares are subject to an annual service fee for ongoing personal services relating to shareholder accounts and services related to the maintenance of shareholder accounts. In addition, Class B shares are subject to an annual distribution fee for advertising, marketing and distributing Class B shares pursuant to a distribution plan adopted in accordance with Rule 12b-1 under the Act. See "Distribution Plan and Shareholder Services Plan." Expenses attributable to a particular Series are charged against the assets of that Series; other expenses of the Fund are allocated between the Series on the basis determined by the Board of Directors, including, but not limited to, proportionately in relation to the net assets of each Series.

The Adviser and the Administrator have agreed that, as to
each Series, if in any fiscal year the aggregate expenses of the Series (including fees pursuant to the Advisory Agreement and the Administration Agreement, but excluding interest, taxes, brokerage and, with the prior written consent of the necessary state securities commissions, extraordinary expenses) exceed the expense limitation of any state having jurisdiction over the Series, the Series may deduct from the fees to be paid to each of the Adviser and the Administrator, or the Adviser and the Administrator will bear, approximately 2/3 and 1/3, respectively, of such excess expense, to the extent required by state law. Such deduction or payment, if any, will be estimated daily and reconciled and effected or paid, as the case may be, on a monthly basis.

The aggregate of the fees payable to the Adviser and the Administrator is not subject to reduction as the value of the Series' net assets increases.

Glass-Steagall Act. For a discussion of the Glass-Steagall Act in connection with the Fund's operations, see the Fund's Prospectus.

From time to time, legislation has been introduced and may be reintroduced in Congress, which would permit a bank, a bank holding company or a subsidiary thereof to organize, sponsor, control and distribute shares of an investment company such as the Fund, notwithstanding present restrictions under the Glass-Steagall Act and the Federal Bank Holding Company Act of 1956. As described herein, the Fund is currently distributed by the Distributor, and the Administrator, its parent, sponsors the Fund and provides it with administrative services. If current restrictions preventing a bank from legally sponsoring, organizing, controlling or distributing shares of an investment company were relaxed, the Fund expects that the Adviser would consider the possibility of offering to perform some or all of the services now provided by the Administrator or the Distributor. It is not possible, of course, to predict whether or in what form such legislation might be enacted or the terms upon which the Adviser might offer to provide services.

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 First Prairie Family of Funds, the funds in the Dreyfus Family of Funds and certain other investment companies.

Sales Loads--Class A. The scale of sales loads applies to purchases of Class A shares made by any "purchaser," which term includes an individual and/or spouse purchasing securities for his, her or their own account or for the account of any minor children, or a trustee or other fiduciary purchasing securities for a single trust estate or a single fiduciary account (including a pension, profit-sharing or other employee benefit trust created pursuant to a plan qualified under Section 401 of the Internal Revenue Code of 1986, as amended (the "Code")) although more than one beneficiary is involved; or a group of accounts established by or on behalf of the employees of an employer or affiliated employers pursuant to an employee benefit plan or other program (including accounts established pursuant to Sections 403(b), 408(k), and 457 of the Code); or an organized group which has been in existence for more than six months, provided that it is not organized for the purpose of buying redeemable securities of a registered investment company and provided that the purchases are made through a central administration or a single dealer, or by other means which result in economy of sales effort or expense.

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

Reopening an Account. An investor may reopen an account with a minimum investment of $100 without filing a new Account

Application during the calendar year the account is closed or during the following calendar year, provided the information on the old Account Application is still applicable.

DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

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

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

Distribution Plan. 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 "Distribution Plan") with respect to Class B shares pursuant to which the Fund pays for advertising, marketing and distributing Class B shares. Under the Distribution Plan, the Fund may make payments to the Adviser, its affiliates, including First Chicago Investment Services, Inc., the Distributor or certain securities dealers, financial institutions and other financial industry professionals (collectively, "Service Agents") in respect of these services. The Fund's Board of Directors believes that there is a reasonable likelihood that the Distribution Plan will benefit each Series and holders of its Class B shares. In some states, certain financial institutions effecting transactions in Fund shares may be required to register as dealers pursuant to state law.

A quarterly report of the amounts expended under the Distribution Plan, and the purposes for which such expenditures were incurred, must be made to the Directors for their review. In addition, the Distribution Plan provides that it may not be amended to increase materially the costs which holders of Class B shares may bear for distribution pursuant to the Distribution Plan without the approval of the holders of Class B shares and that other material amendments of the Distribution Plan must be approved by the Board of Directors, and by the Directors who are neither "interested persons" (as defined in the Act) of the Fund or the Adviser nor have any direct or indirect financial interest in the operation of the Distribution Plan or in any agreements entered into in connection with the Distribution Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Distribution Plan is subject to annual approval by such vote of the Directors cast in person at a meeting called for the purpose of voting on the Distribution Plan. The Distribution Plan was approved by the Fund's Board of Directors, including a majority of the Directors who are not "interested persons," at a meeting held on October 1, 1993. The Distribution 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 Distribution Plan or in any agreements entered into in connection with the Distribution Plan, or by vote of the holders of a majority of Class B shares.

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

A quarterly report of the amounts expended under the

Shareholder Services Plan, and the purposes for which such expenditures were incurred, must be made to the Directors for their review. In addition, the Shareholder Services Plan provides that it may not be amended without approval of the Board of Directors, and by the Directors who are neither "interested persons" (as defined in the Act) of the Fund nor have any direct or indirect financial interest in the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Shareholder Services Plan is subject to annual approval by such vote of the Directors cast in person at a meeting called for the purpose of voting on the Shareholder Services Plan. The Shareholder Services Plan was so approved on October 1, 1993. The Shareholder Services Plan is terminable at any time by vote of a majority of the Directors who are not "interested persons" and who have no direct or indirect financial interest in the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan.

Prior Rule 12b-1 Plan. As of _______, 1994, the Fund terminated its then existing Rule 12b-1 plan, which provided for payments to be made to Service Agents for advertising, marketing and/or distributing Class A shares and servicing holders of Class A shares. During the fiscal year ended February 28, 1993, no payments were made under the prior Rule 12b-1 plan by either Series pursuant to various undertakings in effect.

REDEMPTION OF FUND SHARES

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

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

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

Redemption by Wire or Telephone. 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, 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 Optional 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. Fees ordinarily are imposed by such bank and are borne by the investor. 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. Holders of jointly registered Fund or bank accounts may redeem by wire only up to $50,000 within any 30-day period. Proceeds of less than $1,000 will be paid by check and mailed to the investor's address.

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 toll free at 1-800-654-7171. 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 qualify to use this 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 the Optional Services Form. If the proceeds of a particular redemption are to be wired to an account with any other bank, the request must be in writing and signature-guaranteed.

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."

TeleTransfer Privilege. Investors should be aware that if they have selected the TeleTransfer Privilege, any request for a wire redemption will be effected as a 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--TeleTransfer Privilege."

Stock Certificates; Signatures. Any certificate representing Series' 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 the telephone number 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 Series' net assets at the beginning of such period. Such commitment is irrevocable without the prior approval of the Securities and Exchange Commission. In the case of requests for redemption in excess of such amount, the Board of Directors reserves the right to make payments in whole or in part in securities or other assets in case of an emergency or any time a cash distribution would impair the liquidity of the Series to the detriment of the existing shareholders. In such event, the securities would be valued in the same manner as the Series' portfolio is valued. If the recipient sold such securities, brokerage charges would be incurred.

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

SHAREHOLDER SERVICES

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

Exchange Privilege. The Exchange Privilege permits investors to purchase, in exchange for all or part of their shares of Class A or Class B of a Series, shares of the same Class of the other Series, shares of the same Class of certain other funds advised by the Adviser or shares of the same Class of certain funds advised by the Administrator, on the basis of relative net asset value per share at the time of the exchange as follows:

A. Class A shares of funds purchased without a sales load may be exchanged for Class A shares of other funds sold with a sales load, and the applicable sales load will be deducted.

B. Class A shares of funds purchased with or without a sales load may be exchanged without a sales load for Class A shares of other funds sold without a sales load.

C. Class A shares of funds purchased with a sales load, Class A shares of funds acquired by a previous exchange from Class A shares purchased with a sales load, and additional Class A shares acquired through reinvestment of dividends or distributions of any such funds (collectively referred to herein as "Purchased Shares") may be exchanged for Class A shares of other funds sold with a sales load (referred to herein as "Offered Shares"), provided that, if the sales load applicable to the Offered Shares exceeds the maximum sales load that could have been imposed in connection with the Purchased Shares (at the time the Purchased

Shares were acquired), without giving effect to any reduced loads, the difference will be deducted.

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

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

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

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

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

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

Automatic Withdrawal Plan. The Automatic Withdrawal Plan permits an investor with a $5,000 minimum account to request withdrawal of a specified dollar amount (minimum of $50) on either a monthly or quarterly basis. Withdrawal payments are the proceeds from sales of Fund shares, not the yield on the shares. If withdrawal payments exceed reinvested dividends and distributions, the investor's shares will be reduced and eventually may be depleted. An Automatic Withdrawal Plan may be established by completing the appropriate application available from the Distributor, the Adviser, certain affiliates of the Adviser or certain Service Agents. Automatic Withdrawal may be terminated at any time by the investor, the Fund or the Transfer Agent. Shares for which stock certificates have been issued may not be redeemed through the Automatic Withdrawal Plan. Class B shares withdrawn pursuant to the Automatic Withdrawal Plan will be subject to any applicable CDSC.

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

A. Dividends and distributions paid with respect to Class A shares by a fund may be invested without imposition of a sales load in Class A shares of other funds that are offered without a sales load.

B. Dividends and distributions paid with respect to Class A shares by a fund which does not charge a sales load may be invested in Class A shares of other funds sold with a sales load, and the applicable sales load will be deducted.

C. Dividends and distributions paid with respect to Class A shares by a fund which charges a sales load may be invested in Class A shares of other funds sold with a sales load (referred to herein as "Offered Shares"), provided that, if the sales load applicable to the Offered Shares exceeds the maximum sales load charged by the fund from which dividends or distributions are being swept, without giving effect to any reduced loads, the difference will be deducted.

D. Dividends and distributions paid with respect to Class B shares by a fund may be invested without imposition of any applicable CDSC in Class B shares of other funds and the Class B shares of such other funds will be subject on redemption to any applicable CDSC.

DETERMINATION OF NET ASSET VALUE

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

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

Subject to guidelines established by the Fund's Board of Directors, the Adviser intends to retain in the Insured Series' portfolio Municipal Obligations which are insured under the Mutual Fund Insurance policy and which are in default or in significant risk of default in the payment of principal or interest until the default has been cured or the principal and interest are paid by the issuer or the insurer. In establishing fair value for these securities the Board of Directors will give recognition to the value of the insurance feature as well as the market value of the securities. Absent any unusual or unforeseen circumstances, the Adviser will recommend valuing these securities at the same price as similar securities of a minimum investment grade (i.e., rated Baa by Moody's or BBB by S&P, Fitch or Duff).

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.

PORTFOLIO TRANSACTIONS

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

Transactions are allocated to various dealers by the Fund's investment personnel 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 Adviser to supplement its own research and analysis with the views and information of other securities firms and may be selected based upon their sales of Fund shares.

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

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."

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

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

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

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

PERFORMANCE INFORMATION

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

Class B shares had not been offered as of the date of the financials and, accordingly, no performance data are available for Class B.

The Intermediate Series' current yield for Class A for the 30-day period ended August 31, 1993 was ____%, which reflects the absorption of certain expenses by the Adviser and Administrator and/or a waiver of the advisory and administration fees, without which the Intermediate Series' yield for the 30-day period ended August 31, 1993 would have been ____%. The Insured Series' current yield for Class A for such period was ____%, which reflects the absorption of certain expenses by the Adviser and Administrator and/or a waiver of the advisory and administration fees, without which the Insured Series' yield for the 30-day period ended August 31, 1993 would have been ____%. Current yield is computed pursuant to a formula which operates as follows: The amount of the Series' expenses accrued for the 30-day period (net of reimbursements) is subtracted from the amount of the dividends and interest earned (computed in accordance with regulatory requirements) by the Series during the period. That result is then divided by the product of: (a) the average daily number of shares outstanding during the period that were entitled to receive dividends, and (b) the maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B on the last day of the period less any undistributed earned income per share reasonably expected to be declared as a dividend shortly thereafter. The quotient is then added to 1, and that sum is raised to the 6th power, after which 1 is subtracted. The current yield is then arrived at by multiplying the result by 2.

Based upon a 1993 Federal income tax rate of _____%, the Intermediate Series' tax equivalent yield for the 30-day period ended August 31, 1993 was ____%, which reflects the absorption of certain expenses by the Adviser and Administrator and/or a waiver of the advisory and administration fees, without which the Intermediate Series' yield for the 30-day period ended August 31, 1993 would have been ____%. Based upon such tax rate, the Insured Series' tax equivalent yield for such period was ____%, which reflects the absorption of certain expenses by the Adviser and Administrator and/or a waiver of the advisory and administration fees, without which the Insured Series' yield for the 30-day period ended August 31, 1993 would have been ____%. See "Management of the Fund" in the Prospectus. Tax equivalent yield is computed by dividing that portion of the current yield (calculated as described above) which is tax exempt by 1 minus a stated tax rate and adding the quotient to that portion, if any, of the yield of the Series that is not tax exempt.

The tax equivalent yields noted above represent the application of the highest Federal marginal personal income tax rate presently in effect. The tax equivalent yield figures, however, do not reflect the potential effect of any state or local (including, but not limited to, county, district or city) taxes, including applicable surcharges. In addition, there may be pending legislation which could affect such stated tax rate or yields. Each investor should consult its tax adviser, and consider its own factual circumstances and applicable tax laws, in order to ascertain the relevant tax equivalent yield.

The Intermediate Series' average annual total return for Class A for the 1 and _ year periods ended August 31, 1993 was ____% and ____%, respectively. Average annual total return of the Insured Series (which operated as the Long-Term Series until September 12, 1989) for Class A for such periods was ____% and ____%, 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. A Class's average annual total return figures calculated in accordance with such formula assume that in the case of Class A the maximum sales load had been deducted from the hypothetical initial investment at the time of purchase or in the case of Class B the maximum applicable CDSC has been paid upon redemption at the end of the period.

Total return is calculated by subtracting the amount of the applicable Series' maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B at the beginning of a stated period from the net asset value per share at the end of the period (after giving effect to the reinvestment of dividends and distributions during the period), and dividing the result by the maximum offering price per share in the case of Class A or the net asset value per share in the case of Class B at the beginning of the period. Total return also may be calculated based on the net asset value per share at the beginning of the period instead of the maximum offering price per share at the beginning of the period for Class A shares or without giving effect to any applicable CDSC at the end of the period for Class B shares. In such cases, the calculation would not reflect the deduction of the sales load which, if reflected, would reduce the performance quoted.

The Intermediate Series' total return for Class A for the period March 1, 1988 (commencement of operations) to August 31, 1993, based on maximum offering price per share, was _____%. Based on net asset value per share, the Intermediate Series' total return for Class A was _____% for this period. Total return of the Insured Series (which operated as the Long-Term Series until September 12, 1989) for Class A for the period March 1, 1988 (commencement of operations) to August 31, 1993, based upon maximum offering price per share, was _____%. Based on net asset value per share, the Insured Series' total return for Class A was _____% for this period.

The performance figures set forth above for the Intermediate Series for periods prior to July 1, 1992 reflect such Series' management policy at the time to invest in Municipal Obligations rated A or better by Moody's or S&P. The Intermediate Series currently must invest in Municipal Obligations rated at least Baa by Moody's or BBB by S&P, Fitch or Duff.

From time to time, the Fund may use hypothetical tax equivalent yields or charts in its advertising. These hypothetical yields or charts will be used for illustrative purposes only and are not indicative of a Series' past or future performance.

From time to time, advertising for the Fund may describe the costs of a college education at public or private institutions; how such costs may increase over time, based on an assumed rate of growth; and how investments in the Fund can be used to help pay for such costs. Advertisements for the Fund also may refer to comparisons of a Series' performance with historical rates of inflation or may describe how an investment in the Fund may be used to fund retirement costs or other economic goals.

INFORMATION ABOUT THE FUND

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

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

The Fund sends annual and semi-annual financial statements to all its shareholders and sends statements concerning shareholder accounts monthly.

On June 14, 1989, shareholders of the Fund approved a proposal to change the Fund's name from First Lakeshore Tax Exempt Bond Fund, Inc. to First Prairie Tax Exempt Bond Fund, Inc. On August 1, 1989, shareholders of the Insured Series (then the Long-Term Series) approved a proposal to change such Series' name to the Insured Series.

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

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

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

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

APPENDIX A

Description of S&P and Moody's ratings:

S&P

Municipal Bond Ratings

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

The ratings are based on current information furnished by the issuer or obtained by S&P from other sources it considers reliable, and will include: (1) likelihood of default-capacity and willingness of the obligor as to the timely payment of interest and repayment of principal in accordance with the terms of the obligation; (2) nature and provisions of the obligation; and (3) protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

AAA

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

AA

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

A

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

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

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

BBB

Of the investment grade, this is the lowest.

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

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

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

Municipal Note Ratings

SP-1

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

SP-2

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

Commercial Paper Ratings

An S&P commercial paper rating is a current assessment of the likelihood of timely payment of debt having an original maturity of no more than 365 days. Issues assigned an A rating are regarded as having the greatest capacity for timely payment.

Issues in this category are delineated with the numbers 1, 2 and 3 to indicate the relative degree of safety.

A-1

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

A-2

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

Moody's

Municipal Bond Ratings

Aaa

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

Aa

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

A

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

Baa

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

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

Municipal Note Ratings

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

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

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

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

MIG 1/VMIG 1

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

MIG 2/VMIG 2

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

Commercial Paper Ratings

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

FINANCIAL STATEMENTS

[To Be Provided By Amendment]

start here

FIRST PRAIRIE TAX EXEMPT BOND 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*

Included in Part B of the Registration Statement:

Statement of Investments*

Statement of Assets and Liabilities*

Statement of Operations*
Statement of Changes in Net Assets*

Note to Financial Statements*

Report of Ernst & Young Independent Auditors*

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

____
* To be completed by amendment.

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

(b) Exhibits:

(1) (a) The Registrant's Articles of Incorporation are incorporated by reference to Exhibit (1) of the Registration Statement on Form N-1A, filed on December 9, 1987.

(b) Amendment dated June 14, 1989 to the Registrant's Articles of Incorporation is incorporated by reference to Exhibit (1)(b) of Post-Effective Amendment No. 2 to the Registration Statement on Form N-1A, filed on June 28, 1989.

(c) Amendment dated September 12, 1989 to the Registrant's Articles of Incorporation is incorporated by reference to Exhibit (1)(c) of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on June 29, 1990.

(d) Form of Amendment to the Registrant's Articles of Incorporation.*

(2) The Registrant's By-Laws, as amended, are incorporated by reference to Exhibit (2) of Post-Effective Amendment No. 5 to the Registration Statement on Form N-1A, filed on May 14, 1991.

(4) The specimen certificate for shares issued by the Registrant is incorporated by reference to Exhibit (4) of the Registration Statement on Form N-1A, filed on December 9, 1987.

(5) (a) The Investment Advisory Agreement, as revised, is incorporated by reference to Exhibit (5)(a) of Post-Effective Amendment No. 2 to the Registration Statement on Form N-1A, filed on June 28, 1989.

(b) The Administration Agreement, as revised, is incorporated by reference to Exhibit (5)(b) of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on June 29, 1990.

(6) (a) The Distribution Agreement, as revised, is incorporated by reference to Exhibit (6)(a) of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on June 29, 1990.

(b) Forms of Service Agreements are incorporated by reference to Exhibit (6)(b) of the Registration Statement on Form N-1A, filed on December 9, 1987.

(c) Form of Distribution Agreement, as revised.*

(8) (a) The Custody Agreement, as amended and restated, is incorporated by reference to Exhibit (8)(a) of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on June 29, 1990.

(8) (b) The Sub-Custodian Agreements are incorporated by reference to Exhibit (8)(b) of Post-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 21, 1988, except with respect to the Chemical Bank Sub-Custodian Agreement, which is incorporated by reference to Exhibit 8(b) of Post-Effective Amendment No. 2 to the Registration Statement on Form N-1A, filed on June 28, 1989.

(9) Form of Shareholder Services Plan.*

(10) The 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 December 21, 1987.

(11) Consent of Independent Auditors.*

(15) (a) The Registrant's Service Plan, as revised, is incorporated by reference to Exhibit (15) of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on June 29, 1990.

(b) Form of Distribution Plan.*

(16) Yield Computation and Performance Information is incorporated by reference to Exhibit (16) of Post-Effective Amendment No. 7 to the Registration Statement on Form N-1A, filed on July 1, 1993.

Other Exhibits: (a) Powers of Attorney are incorporated by reference to Other Exhibits (a) of Post-Effective Amendment No. 4 to the Registration Statement on Form N-1A, filed on June 29, 1990. An additional Power of Attorney is included herein.

(b) Registrant's Certificate of Assistant Secretary is incorporated by reference to Other Exhibit (b) of Post-Effective Amendment No. 2 to the Registration Statement on Form N-1A, filed on June 28, 1989.

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

Not Applicable

____
* To be filed by Amendment.

Item 26. Number of Holders of Securities

(1) Title of Class	(2) Number of Record Holders as of December 28, 1993
Intermediate Series-Class A Shares of Common Stock, par value $.001 per share	471
Intermediate Series-Class B Shares of Common Stock, par value $.001 per share	0
Insured Series-Class A Shares of Common Stock, par value $.001 per share	228
Insured Series-Class B Shares of Common Stock, par value $.001 per share	0

Item 27. Indemnification

Reference is made to Article SEVENTH, as amended, of the Registrant's Articles of Incorporation, incorporated by reference to Exhibit (1)(b) of Post-Effective Amendment No.2 to the Registration Statement on Form N-1A, filed on June 28, 1989. The application of these provisions is limited by Article VIII of the Registrant's By-Laws, as amended, incorporated by reference to Exhibit (2) of Post-Effective Amendment No. 5 to the Registration Statement on Form N-1A, filed on May 14, 1991 and the following undertaking set forth in the rules promulgated by the Securities and Exchange Commission:

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

Reference is also made to the Distribution Agreement, as revised.

Item 28. Business and Other Connections of Investment Adviser and Administrator

(a) Officers and Directors of the Adviser:

The Adviser is a commercial bank providing a wide range of banking and investment services.

To the knowledge of the Registrant, none of the directors or executive officers of the Adviser, except those described below, are or have been, at any time during the past two years, engaged in any other business, profession, vocation or employment of a substantial nature, except that certain directors and executive officers of the Adviser also hold or have held various positions with bank and non-bank affiliates of the Adviser, including its parent, First Chicago Corporation.

Name	Position with the Adviser	Principal Occupation or Other Employment of a Substantial Nature
Richard L.Thomas	Chairman of the Board, Chief Executive Officer and President	Also serves as Chairman of the Board, Chief Executive Officer and President of First Chicago Corporation
John H. Bryan	Director	Chairman of the Board and Chief Executive Officer, Sara Lee Corporation*
Dean L. Buntrock	Director	Chairman of the Board and Chief Executive Officer, Waste Management, Inc.*
Frank W. Considine	Director	Honorary Chairman of the Board and Chairman of the Executive Committee, American National Can Company*
James S. Crown	Director	General Partner, Henry Crown and Company (Not Incorporated)*
Donald P. Jacobs	Director	Dean of the J.L. Kellogg Graduate School of Management, Northwestern University*
Charles S. Locke	Director	Chairman of the Board and Chief Executive Officer, Morton International, Inc.*
Richard M.Morrow	Director	Retired Chairman and Chief Executive Officer, Amoco Corporation*
Leo F. Mullin	Director	Chairman and Chief Executive Officer, American National Corporation and Executive Vice President of First Chicago Corporation
Earl L. Neal	Director	Principal, Earl L. Neal & Associates, a Law firm
James J.O'Connor	Director	Chairman and Chief Executive Officer, Commonwealth Edison Company*
Jerry K. Pearlman	Director	Chairman, President and Chief Executive Officer, Zenith Electronics Corporation
Ernestine M. Raclin	Director	Chairman of the Board, 1st Source Corporation*
Jack F. Reichert	Director	Chairman of the Board, President and Chief Executive Officer, Brunswick Corporation
Patrick G. Ryan	Director	President and Chief Executive

		Officer, Aon Corporation*
George A. Shaefer	Director	Chairman of the Board, Retired, and Director, Caterpillar Inc.*
Adele Simmons	Director	President, John D. and Catherine T. MacArthur Foundation
Roger W. Stone	Director	Chairman of the Board, President and Chief Executive Officer, Stone Container Corporation*
David J. Vitale	Director and Executive Vice President	Executive Vice President of First Chicago Corporation*

Name	Position with the Adviser
Marvin J. Alef, Jr.	Executive Vice President
John W. Ballantine	Executive Vice President
Jerry C. Bradshaw	Executive Vice President
John A. Canning, Jr.	Executive Vice President
Sherman I. Goldberg	Executive Vice President, General Counsel and Secretary
Donald R. Hollis	Executive Vice President
W. G. Jurgensen	Executive Vice President and Chief Financial Officer
Scott P. Marks, Jr.	Executive Vice President
J. Mikesell Thomas	Executive Vice President

(b) Officers and Directors of the Administrator

The Dreyfus Corporation (the "Administrator") 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. The Administrator also serves as sub-investment adviser to and administrator of other investment companies. Dreyfus Service Corporation, a wholly-owned subsidiary of the Administrator, serves primarily as distributor of shares of investment companies sponsored by the Administrator and of investment companies for which the Administrator acts as investment adviser, sub-investment adviser and/or administrator. Dreyfus Management, Inc., another wholly-owned subsidiary, provides investment management services to various pension plans, institutions and individuals.

Officers and Directors of Administrator

Name and Position with Administrator	Other Businesses
MANDELL L. BERMAN	Real estate consultant and private investor Director 29100 Northwestern Highway - Suite 370 Southfield, Michigan 48034; Director of Independence One Investment Services, Inc. Division of Michigan National Corp. 27777 Inkster Road Farmington Hills, Michigan 48018; Past Chairman of the Board of Trustees of Skillman Foundation
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. 767 Fifth Avenue New York, New York 10153
ABIGAIL Q. McCARTHY Director	Author, lecturer,columnist and educational consultant 2126 Connecticut Avenue Washington, D.C. 20008

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; 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	Chairman of the Board, President and Investment Officer: The Dreyfus Leverage Fund, Inc.++; Chairman of the Board and Investment Officer: The Dreyfus Convertible Securities Fund, Inc.++; The Dreyfus Fund Incorporated++; Dreyfus New Leaders Fund, Inc.++; The Dreyfus Third Century Fund, Inc.++; Chairman of the Board: Dreyfus Acquisition Corporation*; Dreyfus America Fund++++; The Dreyfus Consumer Credit Corporation*; Dreyfus Land Development Corporation*; Dreyfus-Lincoln, Inc.*; Dreyfus Management, Inc.*; Dreyfus Service Corporation*; The Dreyfus Trust Company (N.J.)++; Chairman of the Board and Chief Executive Officer: Major Trading Corporation*; President, Managing General Partner and Investment Officer: Dreyfus Strategic Growth, L.P.++; Managing General Partner: Dreyfus 100% GNMA Fund, L.P.++; Dreyfus 100% U.S. Treasury Intermediate Term Fund, L.P.++; Dreyfus 100% U.S. Treasury Long Term Fund, L.P.++; Dreyfus 100% U.S. Treasury Money Market Fund, L.P.++; Dreyfus 100% U.S. Treasury Short Term Fund, L.P.++; Dreyfus Strategic World Investing, L.P.++; Director, President and Investment Officer: Dreyfus Appreciation Fund, Inc.++; Dreyfus Asset Allocation Fund, Inc.++; Dreyfus Capital Value Fund, Inc.++; Dreyfus Growth Allocation Fund, Inc.++; Dreyfus Growth Opportunity Fund, Inc.++; Premier Growth Fund, Inc.++; Director and President: Dreyfus Life Insurance Company*; Director and Investment Officer:

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

JULIAN M. SMERLING Vice Chairman of the Board of Directors	Director and Executive Vice President: Dreyfus Service Corporation*; Director and Vice President: Dreyfus Consumer Life Insurance Company*; Dreyfus Land Development Corporation*; Dreyfus Life Insurance Company*; Dreyfus Service

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

JOSEPH S. DiMARTINO President, Chief Operating Officer and Director	Director and Chairman of the Board: The Dreyfus Trust Company++; Director, President and Investment Officer: Dreyfus Cash Management Plus, Inc.++; Dreyfus Liquid Assets, Inc.++; Dreyfus Money Market Instruments, Inc.++; Dreyfus Worldwide Dollar Money Market Fund, Inc.++; General Government Securities Money Market Fund, Inc.++; General Money Market Fund, Inc.++; Director and President: Dreyfus Acquisition Corporation*; The Dreyfus Consumer Credit Corporation*; Dreyfus Edison Electric Index Fund, Inc.++; Dreyfus Life and Annuity Index Fund, Inc.++; Dreyfus-Lincoln, Inc.*; Dreyfus Partnership Management, Inc.*; The Dreyfus Trust Company (N.J.)++; Dreyfus-Wilshire Target Funds, Inc.++; First Prairie Tax Exempt Bond Fund, Inc.++; Peoples Index Fund, Inc.++; Peoples S&P MidCap Index Fund, Inc.++; Trustee, President and Investment Officer: Dreyfus Cash Management++; Dreyfus Government Cash Management++; Dreyfus Institutional Money Market Fund++; Dreyfus Short-Intermediate Government Fund++; Dreyfus Treasury Cash Management++; Dreyfus Treasury Prime Cash Management++; Dreyfus Variable Investment Fund++; Premier GNMA Fund++; Trustee and

President:
First Prairie
Cash Management++;
First Prairie
Diversified Asset Fund++;
First Prairie
Money Market Fund++;
First Prairie
Tax Exempt Money Market
Fund++;
First Prairie
U.S. Government Income
Fund++;
First Prairie
U.S. Treasury Securities Cash
Management++;
Trustee and
Investment Officer:
Dreyfus
Short-Term Income Fund,
Inc.++;
Director and
Executive Vice President:
Dreyfus Service
Corporation*;
Director, Vice
President and Investment
Officer:
Dreyfus
Balanced Fund, Inc.++;
Dreyfus
International Equity Fund,
Inc.++;
Director and Vice
President:
Dreyfus Life
Insurance Company*;
Dreyfus Service
Organization, Inc.*;
General
Municipal Bond Fund, Inc.++;
General
Municipal Money Market Fund, Inc.++;
Director and
Investment Officer:
Dreyfus A Bonds
Plus, Inc.++;
Dreyfus
Appreciation Fund, Inc.++;
The Dreyfus
Convertible Securities
Fund, Inc.++;
Dreyfus
Short-Term Income Fund, Inc.++;
Premier Growth
Fund, Inc.++;
Director and
Corporate Member:
Muscular
Dystrophy Association
810 Seventh Avenue
New York, New York 10019;
Director:
Dreyfus
Management, Inc.**;
Dreyfus
Personal Management, Inc.**;
Noel Group,Inc.
667 Madison Avenue
New York, New York 10021;
Trustee:
Bucknell
University
Lewisburg,
Pennsylvania 17837;
President and
Investment Officer:
Dreyfus BASIC
Money Market Fund, Inc.++;
Dreyfus BASIC
U.S. Government Money Market
Fund++;
Dreyfus 100%
GNMA Fund, L.P.++;

Dreyfus 100%
U.S. Treasury Intermediate
Term Fund,
L.P.++;
Dreyfus 100%
U.S. Treasury Long Term Fund,
L.P.++;
Dreyfus 100%
U.S. Treasury Money Market
Fund,
L.P.++;
Dreyfus 100%
U.S. Treasury Short Term Fund,
L.P.++;
Vice President:
Dreyfus
Consumer Life Insurance Company*;
Investment Officer:
The Dreyfus
Fund Incorporated++;
McDonald Money
Market Fund, Inc.++;
McDonald U.S.
Government Money Market
Fund, Inc.++;
President, Chief
Operating Officer and
Director:
Major Trading
Corporation*

LAWRENCE M. GREENE Legal Consultant and Director	Chairman of the Board: The Dreyfus Consumer Bank+; Director and President: Dreyfus Land Development Corporation*; Director and Executive Vice President: Dreyfus Service Corporation*; Director and Vice President: Dreyfus Acquisition Corporation*; Dreyfus Consumer Life Insurance Company*; Dreyfus Life Insurance Company*; Dreyfus Service Organization, Inc.*; Director: Dreyfus America Fund++++; Dreyfus BASIC Municipal Money Market Fund, Inc.++; Dreyfus California Tax Exempt Bond Fund, Inc.++; Dreyfus Capital Value Fund, Inc.++; Dreyfus Connecticut Municipal Money Market Fund, Inc.++; Dreyfus GNMA Fund, Inc.++; Dreyfus Intermediate Municipal Bond Fund, Inc.++; Dreyfus Management, Inc.**; Dreyfus Michigan Municipal Money Market Fund, Inc.++; Dreyfus New Jersey Municipal Money Market Fund, Inc.++; Dreyfus New Leaders Fund, Inc.++; Dreyfus New

York Tax Exempt
Bond Fund,
Inc.++;
Dreyfus Ohio
Municipal
Money Market
Fund, Inc.++;
Dreyfus
Precious Metals, Inc.*;
Dreyfus Thrift
& Commerce+++;
The Dreyfus
Trust Company (N.J.)++;
Seven Six Seven
Agency, Inc.*;
Vice President:
The Dreyfus
Convertible Securities Fund,
Inc.++;
Dreyfus Growth
Opportunity Fund, Inc.++;
Dreyfus-Lincoln, Inc.*;
Trustee:
Dreyfus
Massachusetts Municipal
Money Market
Fund++;
Dreyfus
Massachusetts Tax Exempt Bond
Fund++;
Dreyfus New
York Tax Exempt Intermediate
Bond Fund++;
Dreyfus New
York Tax Exempt Money
Market
Fund++;
Dreyfus
Pennsylvania Municipal
Money Market
Fund++;
Investment Officer:
The Dreyfus
Fund Incorporated++

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

ALAN M. EISNER Vice President and Chief Financial Officer	Director and President: The Truepenny Corporation*; Director, Vice President and Chief Financial Officer: Dreyfus Life Insurance Company*; Vice President and Chief Financial Officer: Dreyfus Acquisition Corporation*; Dreyfus Consumer Life Insurance Company*; Treasurer: Dreyfus Realty Advisors, Inc.+++; Treasurer, Financial Officer and Director: The Dreyfus Trust Company++; The Dreyfus Trust Company (N.J.)++; Director: Dreyfus Thrift & Commerce****; Vice President and Director: The Dreyfus Consumer Credit Corporation*
DAVID W. BURKE Vice President and Chief Administrative Officer	Vice President and Director: The Dreyfus Trust Company++; Former President: CBS News, a division of CBS, Inc. 524 West 57th Street New York, New York 10019
ELIE M. GENADRY Vice President- Institutional Sales	President: Institutional Services Division of Dreyfus Service Corporation*; Executive Vice President: Dreyfus Service Corporation*; Senior Vice President: Dreyfus Cash Management++; Dreyfus Cash Management Plus, Inc.++; Dreyfus Edison Electric Index Fund, Inc.++; Dreyfus Government Cash Management++; Dreyfus Life and Annuity Index Fund, Inc.++; Dreyfus Municipal Cash Management Plus++; Dreyfus New York Municipal Cash Management++; Dreyfus Tax Exempt Cash Management++; Dreyfus Treasury Cash Management++; Dreyfus Treasury Prime Cash Management++; Dreyfus-Wilshire Target Funds, Inc.++; Peoples Index Fund, Inc.++; Peoples S&P MidCap Index Fund, Inc.++; Vice President: The Dreyfus Trust Company++; Premier California Insured Municipal Bond Fund++;

Premier California Municipal Bond Fund++;
Premier Municipal Bond Fund++;
Premier New York Municipal Bond Fund++;
Vice President-Sales:
The Dreyfus Trust Company (N.J.)++;
Treasurer:
Pacific American Fund+++++

DANIEL C. MACLEAN
Vice President and
General Counsel

Director, Vice President and Secretary:
Dreyfus Precious Metals, Inc.*;
Director and Vice President:
The Dreyfus Consumer Credit Corporation*;
Dreyfus Personal Management, Inc.**;
The Dreyfus Trust Company (N.J.)++;
Director and Secretary:
Dreyfus Partnership Management, Inc.*;
Major Trading Corporation*;
McDonald Money Market Fund, Inc.++;
McDonald Tax Exempt Money Market Fund, Inc.++;
McDonald U.S. Government Money Market Fund, Inc.++;
The Truepenny Corporation+;
Director:
Dreyfus America Fund++++;
Dreyfus Consumer Life Insurance Company*;
Dreyfus Life Insurance Company*;
The Dreyfus Trust Company++;
Vice President:
Dreyfus Appreciation Fund, Inc.++;
Dreyfus BASIC Municipal Money Market Fund,
Inc.++;
Dreyfus California Tax Exempt Bond Fund, Inc.++;
Dreyfus California Tax Exempt Money Market Fund++;
Dreyfus Capital Value Fund, Inc.++;
Dreyfus Cash Management++;
Dreyfus Cash Management Plus, Inc.++;
Dreyfus Connecticut Municipal Money Market Fund, Inc.++;
Dreyfus Edison Electric Index Fund, Inc.++;
Dreyfus Florida Intermediate Municipal Bond Fund++;
Dreyfus GNMA Fund, Inc.++;
Dreyfus Government Cash Management++;
Dreyfus Growth

and Income Fund, Inc.++;
Dreyfus Growth
Opportunity Fund, Inc.++;
Dreyfus Insured
Municipal Bond Fund, Inc.++;
Dreyfus
Intermediate Municipal
Bond Fund,
Inc.++;
Dreyfus Life
and Annuity Index Fund,
Inc.++;
Dreyfus
Massachusetts Municipal
Money Market
Fund++;
Dreyfus
Massachusetts Tax Exempt Bond Fund++;
Dreyfus
Michigan Municipal Money Market Fund,
Inc.++;
Dreyfus
Municipal Cash
Management
Plus++;
Dreyfus New
Jersey Municipal
Money Market
Fund, Inc.++;
Dreyfus New
Leaders Fund, Inc.++;
Dreyfus New
York Insured Tax Exempt Bond
Fund++;
Dreyfus New
York Municipal Cash Management++;
Dreyfus New
York Tax Exempt Bond Fund,
Inc.++;
Dreyfus New
York Tax Exempt Intermediate
Bond
Fund++;
Dreyfus New
York Tax Exempt Money Market
Fund++;
Dreyfus Ohio
Municipal Money
Market Fund,
Inc.++;
Dreyfus 100%
GNMA Fund, L.P.++;
Dreyfus
Pennsylvania Municipal Money
Market
Fund++;
Dreyfus
Short-Intermediate Government Fund++;
Dreyfus
Short-Intermediate Tax Exempt Bond
Fund++;
Dreyfus Tax
Exempt Cash Management++;
The Dreyfus
Third Century Fund, Inc.++;
Dreyfus
Treasury Cash Management++;
Dreyfus
Treasury Prime Cash Management++;
Dreyfus-Wilshire Target Fund, Inc.++;
First Prairie
Cash Management++;
First Prairie
Diversified Asset Fund++;
First Prairie
Money Market Fund++;
First Prairie
Tax Exempt Bond Fund, Inc.++;
First Prairie
Tax Exempt Money Market Fund++;
First Prairie
U.S. Government Income Fund++;
First Prairie
U.S. Treasury Securities Cash

Free Money Market Fund,

California Municipal Money Market

Government Securities

Fund, Inc.++;

Market Fund, Inc.++;

Municipal Bond Fund, Inc.++;

Municipal Money Market Fund, Inc.++;

York Municipal Bond Fund, Inc.++;

York Municipal Money

Fund, Inc.++;

MidCap Index Fund, Inc.++;

California Insured Municipal Bond

California Municipal Bond

Fund++;

Fund, Inc.++;

Municipal Bond Fund++;

York Municipal Bond Fund++;

Municipal Bond Fund++;

Plus, Inc.++;

Acquisition Corporation*;

Allocation Fund, Inc.++;

Balanced Fund, Inc.++;

Money Market Fund, Inc.++;

U.S. Government Money Market

California Intermediate Municipal

California Municipal Income, Inc.++;

Connecticut Intermediate Municipal

Convertible Securities Fund,

Fund Incorporated++;

Investing, Inc.++;

Allocation Fund, Inc.++;

Institutional Money Market Fund++;

International Equity Fund, Inc.++;

Development Corporation+;

Leverage Fund, Inc.++;

Assets, Inc.++;

Management++;
FN Network Tax

Inc.++;
General

Fund++;
General

Money Market

General Money

General

General

General New

General New

Market Fund++;
Peoples Index

Peoples S&P

Premier

Fund++;
Premier

Fund++;
Premier GNMA

Premier Growth

Premier

Premier New

Premier State

Secretary:
Dreyfus A Bonds

Dreyfus

Dreyfus Asset

Dreyfus

Dreyfus BASIC

Dreyfus BASIC

Fund++;
Dreyfus

Bond Fund++;
Dreyfus

Dreyfus

Bond Fund++;
The Dreyfus

Inc.++;
The Dreyfus

Dreyfus Global

Dreyfus Growth

Dreyfus

Dreyfus

Dreyfus Land

The Dreyfus

Dreyfus Liquid

Dreyfus

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

JEFFREY N. NACHMAN
Vice
President-Financial:
Vice President-Mutual
Dreyfus A Bonds
Plus, Inc.++;
Fund Accounting
Dreyfus
Appreciation Fund, Inc.++;
Dreyfus
California Municipal Income, Inc.++;
Dreyfus
California Tax Exempt Bond
Fund, Inc.++;
Dreyfus

California Tax Exempt Money Market

Value Fund, Inc.++;

Management++;

Management Plus, Inc.++;

Connecticut Municipal Money Market

Convertible Securities Fund,

Fund Incorporated++;

Fund, Inc.++;

Government Cash Management++;

Opportunity Fund, Inc.++;

Institutional Money Market Fund++;

Municipal Bond Fund,

Intermediate Municipal Bond Fund,

Leverage Fund, Inc.++;

and Annuity Index Fund, Inc.++;

Assets, Inc.++;

Massachusetts Municipal Money Market

Massachusetts Tax Exempt Bond Fund++;

Michigan Municipal Money Market Fund,

Market Instruments, Inc.++;

Municipal Bond Fund, Inc.++;

Municipal Cash Management Plus++;

Municipal Income, Inc.++;

Municipal Money Market Fund, Inc.++;

Jersey Municipal Bond Fund,

Jersey Municipal Money

Inc.++;

Leaders Fund, Inc.++;

York Insured Tax Exempt Bond

York Municipal Cash Management++;

York Municipal Income,

York Tax Exempt Bond Fund,

York Tax Exempt Intermediate

York Tax Exempt Money Market

Municipal Money Market

Fund++;
Dreyfus Capital

Dreyfus Cash

Dreyfus Cash

Dreyfus

Fund, Inc.++;
The Dreyfus

Inc.++;
The Dreyfus

Dreyfus GNMA

Dreyfus

Dreyfus Growth

Dreyfus

Dreyfus Insured

Inc.++;
Dreyfus

Inc.++;
The Dreyfus

Dreyfus Life

Dreyfus Liquid

Dreyfus

Fund++;
Dreyfus

Dreyfus

Inc.++;
Dreyfus Money

Dreyfus

Dreyfus

Dreyfus

Dreyfus

Dreyfus New

Inc.++;
Dreyfus New

Market Fund,

Dreyfus New

Dreyfus New

Fund++;
Dreyfus New

Dreyfus New

Inc.++;
Dreyfus New

Inc.++;
Dreyfus New

Bond Fund++;
Dreyfus New

Fund++;
Dreyfus Ohio

Fund, Inc.++;
Dreyfus 100%

GNMA Fund, L.P.++;

Dreyfus 100%

U.S. Treasury Intermediate Term

Fund, L.P.++;
Dreyfus 100%

U.S. Treasury Long Term Fund,

L.P.++;
Dreyfus 100%

U.S. Treasury Money Market Fund,

L.P.++;
Dreyfus 100%

U.S. Treasury Short Term

Fund, L.P.++;
Dreyfus

Pennsylvania Municipal Money Market

Fund++;
Dreyfus

Short-Intermediate Government Fund++;

Dreyfus

Short-Intermediate Tax Exempt Bond

Fund++;
Dreyfus

Strategic Governments Income, Inc.++;

Dreyfus

Strategic Growth, L.P.++;

Dreyfus

Strategic Income++;

Dreyfus

Strategic Investing++;

Dreyfus

Strategic Municipal Bond Fund,

Inc.++;
Dreyfus

Strategic Municipals, Inc.++;

Dreyfus

Strategic World Investing,

L.P.++;
Dreyfus Tax

Exempt Cash Management++;

The Dreyfus

Third Century Fund, Inc.++;

Dreyfus

Treasury Cash Management++;

Dreyfus

Treasury Prime Cash Management++;

Dreyfus

Variable Investment Fund++;

Dreyfus

Worldwide Dollar Money Market Fund,

Inc.++;
First Prairie

Diversified Asset Fund++;

First Prairie

Money Market Fund++;

First Prairie

Tax Exempt Bond Fund, Inc.++;

First Prairie

Tax Exempt Money Market Fund++;

FN Network Tax

Free Money Market Fund,

Inc.++;
General

California Municipal Bond Fund,

Inc.++;
General

California Municipal Money Market

Fund++;
General

Government Securities Money Market

Fund, Inc.++;
General Money

Market Fund, Inc.++;

General

Municipal Bond Fund, Inc.++;

General

Municipal Money Market

Fund, Inc.++;
General New

York Municipal Bond Fund,

Inc.++;
General New

York Municipal Money

Market Fund++;
McDonald Money

Market Fund, Inc.++;
McDonald Tax
Exempt Money Market Fund,
Inc.++;
McDonald U.S.
Government Money Market
Fund, Inc.++;
Peoples Index
Fund, Inc.++;
Premier
California Municipal Bond
Fund++;
Premier GNMA
Fund++;
Premier
Municipal Bond Fund++;
Premier New
York Municipal Bond Fund++;
Premier State
Municipal Bond Fund++;
Vice President and
Treasurer:
Dreyfus Asset
Allocation Fund, Inc.++;
Dreyfus
Balanced Fund, Inc.++;
Dreyfus BASIC
Money Market Fund, Inc.++;
Dreyfus BASIC
U.S. Government Money Market
Fund++;
Dreyfus
California Intermediate Municipal
Bond Fund++;
Dreyfus
Connecticut Intermediate Municipal
Bond Fund++;
Dreyfus Edison
Electric Index Fund, Inc.++;
Dreyfus Florida
Intermediate Municipal Bond
Fund++;
Dreyfus Global
Investing, Inc.++;
Dreyfus Growth
Allocation Fund, Inc.++;
Dreyfus Growth
and Income Fund, Inc.++;
Dreyfus
International Equity Fund, Inc.++;
Dreyfus
Investors Municipal Money Market
Fund, Inc.++;
Dreyfus
Massachusetts Intermediate Municipal
Bond Fund++;
Dreyfus New
Jersey Intermediate Municipal
Bond Fund++;
Dreyfus
Short-Term Income Fund, Inc.++;

Dreyfus-Wilshire Target Funds, Inc.++;
First Prairie
Cash Management++;
First Prairie
U.S. Government Income Fund++;
First Prairie
U.S. Treasury Securities Cash
Management++;
Peoples S&P
MidCap Index Fund, Inc.++;
Premier
California Insured Municipal Bond
Fund++;
Premier Growth
Fund, Inc.++;
Assistant
Treasurer:
Pacific
American Fund+++++

PETER A. SANTORIELLO Director, President
and Investment Officer:

Vice President
Balanced Fund, Inc.++;

President:

Management, Inc.**

ROBERT H. SCHMIDT
President:
Vice President
Corporation*;

Agency, Inc.*;

and Chief Executive

Huntley, Schmidt & Beaver

York 10017

KIRK V. STUMPP
Vice President and
Vice President-New
Marketing:
Product Development
Corporation*

PHILIP L. TOIA
Board and Vice President:
Vice President and
& Commerce****;
Director of Fixed-
Consumer Bank*;
Income Research
and Director:

Trust Company++;

Consumer Credit Corporation*;

Vice President:

Manhattan Bank, N.A. and

Manhattan Capital Markets

Manhattan Plaza

York 10081

KATHERINE C. WICKHAM
Assistant Vice President-
Consumer Life Insurance Company++;
Human Resources
Commissioner:

Parks and Recreation of the

York

Avenue

York 10022

JOHN J. PYBURN
Treasurer:
Assistant Vice President
Market Fund, Inc.++;

Exempt Money Market Fund,

Government Money Market

Assistant Secretary:

Fund International Limited++++++;

Dreyfus

Director and

Dreyfus

Director and

Dreyfus Service

Seven Six Seven

Formerly, Chairman

Officer:
Levine,

250 Park Avenue
New York, New

Formerly, Senior

Director of

Dreyfus Service

Chairman of the

Dreyfus Thrift

The Dreyfus

Senior Loan Officer

The Dreyfus

Vice President:
The Dreyfus

Formerly, Senior

The Chase

The Chase

Corporation
One Chase

New York, New

Vice President:
Dreyfus

Formerly, Assistant

Department of

City of New

830 Fifth

New York, New

Vice President and

McDonald Money

McDonald Tax

Inc.++;
McDonald U.S.

Fund, Inc.++;
Treasurer and

The Dreyfus

Treasurer:
Dreyfus A Bonds

Plus, Inc.++;
Dreyfus
Appreciation Fund, Inc.++;
Dreyfus
California Municipal
Income, Inc.++;
Dreyfus
California Tax Exempt
Bond Fund,
Inc.++;
Dreyfus
California Tax Exempt
Money Market
Fund++;
Dreyfus Capital
Value Fund, Inc.++;
Dreyfus Cash
Management++;
Dreyfus Cash
Management Plus, Inc.++;
Dreyfus
Connecticut Municipal Money Market
Fund, Inc.++;
The Dreyfus
Convertible Securities Fund,
Inc.++;
The Dreyfus
Fund Incorporated++;
Dreyfus GNMA
Fund, Inc.++;
Dreyfus
Government Cash Management++;
Dreyfus Growth
Opportunity Fund,
Inc.++;
Dreyfus
Institutional Money Market Fund++;
Dreyfus Insured
Municipal Bond Fund, Inc.++;
Dreyfus
Intermediate Municipal Bond Fund,
Inc.++;
The Dreyfus
Leverage Fund, Inc.++;
Dreyfus Life
and Annuity Index Fund, Inc.++;
Dreyfus Liquid
Assets, Inc.++;
Dreyfus
Massachusetts Municipal Money Market
Fund++;
Dreyfus
Massachusetts Tax Exempt Bond Fund++;
Dreyfus
Michigan Municipal Money Market Fund,
Inc.++;
Dreyfus Money
Market Instruments, Inc.++;
Dreyfus
Municipal Cash Management Plus++;
Dreyfus
Municipal Income, Inc.++;
Dreyfus
Municipal Money Market Fund, Inc.++;
Dreyfus New
Jersey Municipal Bond Fund,
Inc.++;
Dreyfus New
Jersey Municipal Money Market
Fund, Inc.++;
Dreyfus New
Leaders Fund, Inc.++;
Dreyfus New
York Insured Tax Exempt Bond
Fund++;
Dreyfus New
York Municipal Cash Management++;
Dreyfus New
York Municipal Income, Inc.++;
Dreyfus New
York Tax Exempt Bond Fund,
Inc.++;
Dreyfus New
York Tax Exempt Intermediate Bond

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

York Municipal Bond Fund, Inc.++;

York Municipal Money

Fund, Inc.++;

California Municipal Bond

Fund++;

Municipal Bond Fund++;

York Municipal Bond Fund++;

Municipal Bond Fund++

MAURICE BENDRIHEM
President-Financial
Controller
Administration and Tax:

Movie Channel, Inc.

York 10019;

Acquisition Corporation*;

Consumer Life Insurance

Development Corporation*;

Insurance Company*;

Dreyfus-Lincoln, Inc.*;

Partnership Management, Inc.*;

Organization, Inc.*;

Agency, Inc.*;

Corporation*;

Trust Company++;

Trust Company (N.J.)++;

Consumer Credit Corporation*;

Treasurer:

Precious Metals*

MARK N. JACOBS
Secretary and Deputy
Plus, Inc.++;
General Counsel
Allocation Fund, Inc.++;

Balanced Fund, Inc.++;

Money Market Fund, Inc.++;

U.S. Government Money Market

California Intermediate Municipal

Connecticut Intermediate Municipal

Convertible

Fund, Inc.++;

Electric Index Fund, Inc.++;

General New

General New

Market Fund++;
Peoples Index

Premier

Fund++;
Premier GNMA

Premier

Premier New

Premier State

Formerly, Vice

Planning,

Showtime/The

1633 Broadway
New York, New

Treasurer:
Dreyfus

Dreyfus

Company*;
Dreyfus Land

Dreyfus Life

Dreyfus

Dreyfus Service

Seven Six Seven

The Truepenny

Controller:
The Dreyfus

The Dreyfus

The Dreyfus

Assistant

Dreyfus

Vice President:
Dreyfus A Bonds

Dreyfus Asset

Dreyfus

Dreyfus BASIC

Dreyfus BASIC

Fund++;
Dreyfus

Bond Fund++;
Dreyfus

Bond Fund++;
The Dreyfus

Securities

Dreyfus Edison

The Dreyfus
Fund Incorporated++;
Dreyfus Global
Investing, Inc.++;
Dreyfus Growth
Allocation Fund, Inc.++;
Dreyfus
Institutional Money Market
Fund++;
Dreyfus
International Equity Fund, Inc.++;
The Dreyfus
Leverage Fund, Inc.++;
Dreyfus Life
and Annuity Index Fund, Inc.++;
Dreyfus Liquid
Assets, Inc.++;
Dreyfus
Massachusetts Intermediate Municipal
Bond Fund++;
Dreyfus Money
Market Instruments, Inc.++;
Dreyfus
Municipal Bond Fund, Inc.++;
Dreyfus
Municipal Money Market Fund, Inc.++;
Dreyfus New
Jersey Intermediate Municipal
Bond Fund++;
Dreyfus New
Jersey Municipal Bond Fund,
Inc.++;
Dreyfus 100%
U.S. Treasury Intermediate
Term Fund,
L.P.++;
Dreyfus 100%
U.S. Treasury Long Term
Fund, L.P.++;
Dreyfus 100%
U.S. Treasury Money
Market Fund,
L.P.++;
Dreyfus 100%
U.S. Treasury Short Term
Fund, L.P.++;
Dreyfus
Short-Term Income Fund, Inc.++;
Dreyfus
Strategic Growth, L.P.++;
Dreyfus
Strategic Income++;
Dreyfus
Strategic Investing++;
Dreyfus
Strategic Municipal Bond
Fund, Inc.++;
Dreyfus
Strategic Municipals, Inc.++;
Dreyfus
Strategic World Investing, L.P.++;
Dreyfus
Variable Investment Fund++;
Dreyfus-Wilshire Target Funds, Inc.++;
Dreyfus
Worldwide Dollar Money Market Fund,
Inc.++;
General
California Municipal Bond Fund,
Inc.++;
Peoples Index
Fund, Inc.++;
Peoples S&P
MidCap Index Fund, Inc.++;
Director:
World Balanced
Fund++++;
Director and
Secretary:
Dreyfus Life
Insurance Company*;
Secretary:
Dreyfus

Appreciation Fund, Inc.++;

Municipal Money Market Fund,

California Tax Exempt Bond Fund,

California Tax Exempt

Fund++;

Value Fund, Inc.++;

Management++;

Management Plus, Inc.++;

Connecticut Municipal Money Market

Consumer Credit Corporation*;

Consumer Life Insurance Company*;

Intermediate Municipal Bond

Fund, Inc.++;

Government Cash Management++;

and Income Fund, Inc.++;

Opportunity Fund, Inc.++;

Municipal Bond Fund, Inc.++;

Intermediate Municipal Bond Fund,

Management, Inc.**;

Massachusetts Municipal

Fund++;

Massachusetts Tax Exempt Bond Fund++;

Michigan Municipal Money Market Fund,

Municipal Cash Management Plus++;

Jersey Municipal

Fund, Inc.++;

Leaders Fund, Inc.++;

York Insured Tax Exempt

York Municipal Cash Management++;

York Tax Exempt Bond Fund,

York Tax Exempt

Bond Fund++;

York Tax Exempt

Fund++;

Municipal Money Market Fund,

GNMA Fund, L.P.++;

Pennsylvania Municipal Money

Dreyfus BASIC

Inc.++;
Dreyfus

Inc.++;
Dreyfus

Money Market

Dreyfus Capital

Dreyfus Cash

Dreyfus Cash

Dreyfus

Fund, Inc.++;
The Dreyfus

Dreyfus

Dreyfus Florida

Fund++;
Dreyfus GNMA

Dreyfus

Dreyfus Growth

Dreyfus Growth

Dreyfus Insured

Dreyfus

Inc.++;
Dreyfus

Dreyfus

Money Market

Dreyfus

Dreyfus

Inc.++;
Dreyfus

Dreyfus New

Money Market

Dreyfus New

Dreyfus New

Bond Fund++;
Dreyfus New

Dreyfus New

Inc.++;
Dreyfus New

Intermediate

Dreyfus New

Money Market

Dreyfus Ohio

Inc.++;
Dreyfus 100%

Dreyfus

Market Fund++;
Dreyfus

Personal Management, Inc.**;
Dreyfus
Short-Intermediate Government Fund++;
Dreyfus
Short-Intermediate Tax Exempt Bond
Fund++;
Dreyfus Tax
Exempt Cash Management++;
The Dreyfus
Third Century Fund, Inc.++;
Dreyfus
Treasury Cash Management++;
Dreyfus
Treasury Prime Cash Management++;
First Prairie
Cash Management++;
First Prairie
Diversified Asset Fund++;
First Prairie
Money Market Fund++;
First Prairie
Tax Exempt Bond Fund, Inc.++;
First Prairie
Tax Exempt Money Market Fund++;
First Prairie
U.S. Government Income Fund++;
First Prairie
U.S. Treasury Securities Cash
Management++;
FN Network Tax
Free Money Market Fund,
Inc.++;
General
California Municipal Money Market
Fund++;
General
Government Securities Money Market
Fund, Inc.++;
General Money
Market Fund, Inc.++;
General
Municipal Bond Fund, Inc.++;
General
Municipal Money Market Fund, Inc.++;
General New
York Municipal Bond Fund,
Inc.++;
General New
York Municipal Money
Market Fund++;
Pacific
American Fund+++++;
Premier
California Insured Municipal Bond
Fund++;
Premier
California Municipal Bond Fund++;
Premier GNMA
Fund++;
Premier Growth
Fund, Inc.++;
Premier
Municipal Bond Fund++;
Premier New
York Municipal Bond Fund++;
Premier State
Municipal Bond Fund++;
Assistant
Secretary:
Dreyfus Service
Organization, Inc.*;
Major Trading
Corporation*;
The Truepenny
Corporation*

CHRISTINE PAVALOS
Assistant
Secretary:
Assistant Secretary
Dreyfus A Bonds
Plus, Inc.++;
Dreyfus
Acquisition Corporation*;
Dreyfus
Appreciation Fund, Inc.++;

Dreyfus Asset
Allocation Fund, Inc.++;
Dreyfus
Balanced Fund, Inc.++;
Dreyfus BASIC
Money Market Fund, Inc.++;
Dreyfus BASIC
Municipal Money Market Fund,
Inc.++;
Dreyfus BASIC
U.S. Government Money Market
Fund++;
Dreyfus
California Intermediate Municipal
Bond Fund++;
Dreyfus
California Municipal Income, Inc.++;
Dreyfus
California Tax Exempt Bond Fund,
Inc.++;
Dreyfus
California Tax Exempt
Money Market
Fund++;
Dreyfus Capital
Value Fund, Inc.++;
Dreyfus Cash
Management++;
Dreyfus Cash
Management Plus, Inc.++;
Dreyfus
Connecticut Intermediate Municipal
Bond Fund++;
Dreyfus
Connecticut Municipal Money
Market Fund,
Inc.++;
The Dreyfus
Convertible Securities
Fund, Inc.++;
Dreyfus Edison
Electric Index Fund, Inc.++;
Dreyfus Florida
Intermediate Municipal Bond
Fund++;
The Dreyfus
Fund Incorporated++;
Dreyfus Global
Investing, Inc.++;
Dreyfus GNMA
Fund, Inc.++;
Dreyfus
Government Cash Management++;
Dreyfus Growth
Allocation Fund, Inc.++;
Dreyfus Growth
and Income, Inc.++;
Dreyfus Growth
Opportunity Fund, Inc.++;
Dreyfus
Institutional Money Market Fund++;
Dreyfus Insured
Municipal Bond Fund, Inc.++;
Dreyfus
Intermediate Municipal Bond Fund,
Inc.++;
Dreyfus
International Equity Fund, Inc.++;
Dreyfus Land
Development Corporation*;
The Dreyfus
Leverage Fund, Inc.++;
Dreyfus Life
and Annuity Index Fund, Inc.++;
Dreyfus Liquid
Assets, Inc.++;
Dreyfus
Management, Inc.**;
Dreyfus
Massachusetts Intermediate Municipal
Bond Fund++;
Dreyfus
Massachusetts Municipal Money Market
Fund++;

Dreyfus Massachusetts Tax Exempt Bond Fund++;
Dreyfus Michigan Municipal Money Market Fund, Inc.++;
Dreyfus Money Market Instruments, Inc.++;
Dreyfus Municipal Bond Fund, Inc.++;
Dreyfus Municipal Cash Management Plus++;
Dreyfus Municipal Income, Inc.++;
Dreyfus Municipal Money Market Fund, Inc.++;
Dreyfus New Jersey Intermediate Municipal Bond Fund++;
Dreyfus New Jersey Municipal Bond Fund, Inc.++;
Dreyfus New Jersey Municipal Money Market Fund, Inc.++;
Dreyfus New Leaders Fund, Inc.++;
Dreyfus New York Insured Tax Exempt Bond Fund++;
Dreyfus New York Municipal Cash Management++;
Dreyfus New York Municipal Income, Inc.++;
Dreyfus New York Tax Exempt Bond Fund, Inc.++;
Dreyfus New York Tax Exempt Intermediate Bond Fund++;
Dreyfus New York Tax Exempt Money Market Fund++;
Dreyfus Ohio Municipal Money Market Fund, Inc.++;
Dreyfus 100% GNMA Fund, L.P.++;
Dreyfus 100% U.S. Treasury Intermediate Term Fund, L.P.++;
Dreyfus 100% U.S. Treasury Long Term Fund, L.P.++;
Dreyfus 100% U.S. Treasury Money Market Fund, L.P.++;
Dreyfus 100% U.S. Treasury Short Term Fund, L.P.++;
Dreyfus Pennsylvania Municipal Money Market Fund++;
Dreyfus Service Corporation*;
Dreyfus Short-Intermediate Government Fund++;
Dreyfus Short-Intermediate Tax Exempt Bond Fund++;
Dreyfus Short-Term Income Fund, Inc.++;
Dreyfus Strategic Governments Income, Inc.++;
Dreyfus Strategic Growth, L.P.++;
Dreyfus Strategic Income++;
Dreyfus Strategic Investing++;
Dreyfus Strategic Municipal Bond Fund, Inc.++;
Dreyfus Strategic Municipals, Inc.++;

Dreyfus Strategic World Investing, L.P.++;

Dreyfus Tax Exempt Cash Management++;

The Dreyfus Third Century Fund, Inc.++;

Dreyfus Treasury Cash Management++;

Dreyfus Treasury Prime Cash Management++;

Dreyfus Variable Investment Fund++;

Dreyfus-Wilshire Target Funds, Inc.++;

Dreyfus Worldwide Dollar Money Market Fund, Inc.++;

First Prairie Cash Management++;

First Prairie Diversified Asset Fund++;

First Prairie Money Market Fund++;

First Prairie Tax Exempt Bond Fund, Inc.++;

First Prairie Tax Exempt Money Market Fund++;

First Prairie U.S. Government Income Fund++;

First Prairie U.S. Treasury Securities Cash Management++;

FN Network Tax Free Money Market Fund, Inc.++;

General California Municipal Bond Fund, Inc.++;

General California Municipal Money Market Fund++;

General Government Securities Money Market Fund, Inc.++;

General Money Market Fund, Inc.++;

General Municipal Bond Fund, Inc.++;

General Municipal Money Market Fund, Inc.++;

General New York Municipal Bond Fund, Inc.++;

General New York Municipal Money Market Fund++;

McDonald Money Market Fund, Inc.++;

McDonald Tax Exempt Money Market Fund, Inc.++;

McDonald U.S. Government Money Market Fund, Inc.++;

Peoples Index Fund, Inc.++;

Peoples S&P MidCap Index Fund, Inc.++;

Premier California Insured Municipal Bond Fund++;

Premier California Municipal Bond Fund++;

Premier GNMA Fund++;

Premier Growth Fund, Inc.++;

Premier Municipal Bond Fund++;

Premier New York Municipal Bond Fund++;

Premier State Municipal Bond Fund++;

The Truepenny Corporation*

* The address of the business so indicated is 200 Park Avenue, New York, New York 10166.

** The address of the business so indicated is 767 Fifth Avenue, New York, New York 10153.

*** The address of the business so indicated is 45 Broadway, New York, New York 10006.

**** The address of the business so indicated is Five Triad Center, Salt Lake City, Utah 84180.

+ The address of the business so indicated is Atrium Building, 80 Route 4 East, Paramus, New Jersey 07652.

++ The address of the business so indicated is 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144.

+++ The address of the business so indicated is One Rockefeller Plaza, New York, New York 10020.

++++ The address of the business so indicated is 2 Boulevard Royal, Luxembourg.

+++++ The address of the business so indicated is 800 West Sixth Street, Suite 1000, Los Angeles, California 90017.

++++++ The address of the business so indicated is Nassau, Bahama Islands.

Item 29. Principal Underwriters

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

1. Comstock Partners Strategy Fund, Inc.
2. Dreyfus A Bonds Plus, Inc.
3. Dreyfus Appreciation Fund, Inc.
4. Dreyfus Asset Allocation Fund, Inc.
5. Dreyfus Balanced Fund, Inc.
6. Dreyfus BASIC Money Market Fund, Inc.

Dreyfus BASIC Municipal Money Market Fund, Inc.

8. Dreyfus BASIC U.S. Government Money Market Fund
9. Dreyfus California Intermediate Municipal Bond Fund
10. Dreyfus California Tax Exempt Bond Fund, Inc.
11. Dreyfus California Tax Exempt Money Market Fund
12. Dreyfus Capital Value Fund, Inc.
13. Dreyfus Cash Management
14. Dreyfus Cash Management Plus, Inc.
15. Dreyfus Connecticut Intermediate Municipal Bond Fund
16. Dreyfus Connecticut Municipal Money Market Fund, Inc.
17. The Dreyfus Convertible Securities Fund, Inc.
18. Dreyfus Edison Electric Index Fund, Inc.
19. Dreyfus Florida Intermediate Municipal Bond Fund
20. The Dreyfus Fund Incorporated
21. Dreyfus Global Investing, Inc.
22. Dreyfus GNMA Fund, Inc.
23. Dreyfus Government Cash Management
24. Dreyfus Growth Allocation Fund, Inc.

25. Dreyfus Growth and Income Fund,
Inc.
26. Dreyfus Growth Opportunity Fund,
Inc.
27. Dreyfus Institutional Money
Market Fund
28. Dreyfus Insured Municipal Bond
Fund, Inc.
29. Dreyfus Intermediate Municipal
Bond Fund, Inc.
30. Dreyfus International Equity
Fund, Inc.
31. The Dreyfus Leverage Fund, Inc.
32. Dreyfus Life and Annuity Index
Fund, Inc.
33. Dreyfus Liquid Assets, Inc.
34. Dreyfus Massachusetts
Intermediate Municipal Bond
Fund
35. Dreyfus Massachusetts Municipal
Money Market Fund
36. Dreyfus Massachusetts Tax Exempt
Bond Fund
37. Dreyfus Michigan Municipal Money
Market Fund, Inc.
38. Dreyfus Money Market
Instruments, Inc.
39. Dreyfus Municipal Bond Fund,
Inc.
40. Dreyfus Municipal Cash
Management Plus
41. Dreyfus Municipal Money Market
Fund, Inc.
42. Dreyfus New Jersey Intermediate
Municipal Bond Fund
43. Dreyfus New Jersey Municipal
Bond Fund, Inc.
44. Dreyfus New Jersey Municipal
Money Market Fund, Inc.
45. Dreyfus New Leaders Fund, Inc.
46. Dreyfus New York Insured Tax
Exempt Bond Fund
47. Dreyfus New York Municipal Cash
Management
48. Dreyfus New York Tax Exempt Bond
Fund, Inc.
49. Dreyfus New York Tax Exempt
Intermediate Bond Fund
50. Dreyfus New York Tax Exempt
Money Market Fund
51. Dreyfus Ohio Municipal Money
Market Fund, Inc.
52. Dreyfus 100% GNMA Fund, L.P.
53. Dreyfus 100% U.S. Treasury
Intermediate Term
Fund, L.P.
54. Dreyfus 100% U.S. Treasury Long
Term Fund, L.P.
55. Dreyfus 100% U.S. Treasury Money
Market Fund, L.P.
56. Dreyfus 100% U.S. Treasury Short
Term Fund, L.P.
57. Dreyfus Pennsylvania Municipal
Money Market Fund
58. Dreyfus Short-Intermediate
Government Fund
59. Dreyfus Short-Intermediate Tax
Exempt Bond Fund
60. Dreyfus Short-Term Income Fund,
Inc.
61. Dreyfus Strategic Growth, L.P.
62. Dreyfus Strategic Income
63. Dreyfus Strategic Investing
64. Dreyfus Strategic World
Investing, L.P.
65. Dreyfus Tax Exempt Cash
Management
66. The Dreyfus Third Century Fund,
Inc.
67. Dreyfus Treasury Cash Management
68. Dreyfus Treasury Prime Cash
Management
69. Dreyfus Variable Investment Fund
70. Dreyfus-Wilshire Target Funds,

Inc.
71. Dreyfus Worldwide Dollar Money Market Fund, Inc.
72. First Prairie Cash Management
73. First Prairie Diversified Asset Fund
74. First Prairie Money Market Fund
75. First Prairie Tax Exempt Bond Fund, Inc.
76. First Prairie Tax Exempt Money Market Fund
77. First Prairie U.S. Government Income Fund
78. First Prairie U.S. Treasury Securities Cash Management
79. FN Network Tax Free 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. Pacific American Fund
89. Peoples Index Fund, Inc.
90. Peoples S&P MidCap Index Fund, Inc.
91. Premier California 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 Dreyfus Service Corporation	Positions and offices with Registrant
Howard Stein*	Chairman of the Board	None
Robert H. Schmidt*	President and Director	None
Joseph S. DiMartino*	Executive Vice President and Director	President and Director
Lawrence M. Greene*	Executive Vice President and Director	None
Julian M. Smerling*	Executive Vice President and Director	None
Elie M. Genadry*	Executive Vice President	None
Donald A. Nanfeldt*	Executive Vice President	None
Kevin Flood*	Senior Vice President	None
Roy Gross*	Senior Vice President	None
Irene Papadoulis**	Senior Vice President	None
Diane M. Coffey*	Vice President	None
Walter V. Harris*	Vice President	None

William Harvey*	Vice President	None
William V. Healey*	Vice President/ Legal Counsel	None
Adwick Pinnock**	Vice President	None
George Pirrone*	Vice President/Trading	None
Karen Rubin Waldmann*	Vice President	None
eter D. Schwab*	Vice President/New Products	None
Michael Anderson*	Assistant Vice President	None
Carolyn Sobering*	Assistant Vice President- Trading	None
Daniel C. Maclean*	Secretary	Vice President
Robert F. Dubuss*	Treasurer	None
Maurice Bendrihem*	Controller	None
Michael J. Dolitsky*	Assistant Controller	None
Susan Verbil Goldgraben*	Assistant Treasurer	None
Christine Pavalos*	Assistant Secretary	Assistant Secretary

Broker-Dealer Division of Dreyfus Service Corporation
===

Name and principal business address	Positions and offices with Broker-Dealer Division of Dreyfus Service Corporation	Positions and offices with Registrant
Elie M. Genadry*	President	None
Craig E. Smith*	Executive Vice President	None
Peter S. Ferrentino San Francisco, CA	Regional Vice President	None
W. Richard Francis Palm Harbor, FL	Regional Vice President	None
Philip Jochem Warrington, PA	Regional Vice President	None
Fred Lanier Atlanta, GA	Regional Vice President	None
Robert F. Madaii La Jolla, CA	Regional Vice President	None
Joseph Reaves New Orleans, LA	Regional Vice President	None
Christian Renninger Germantown, MD	Regional Vice President	None
L. Allen Veach Colchester, VT	Regional Vice President	None
Kurt Wiessner Minneapolis, MN	Regional Vice President	None

Institutional Services Division of Dreyfus Service Corporation
==

Name and principal business address	Positions and offices with Institutional Services Division of Dreyfus Service Corporation	Positions and offices with Registrant

Elie M. Genadry*	President	None
Donald A. Nanfeldt*	Executive Vice President	None
Stacey Alexander*	Vice President	None
Eric Almquist*	Vice President	None
James E. Baskin+++++++	Vice President	None
Stephen Burke*	Vice President	None
Laurel A. Diedrick Burrows***	Vice President	None
Charles Cardona**	Vice President	None
Daniel L. Clawson++++	Vice President	None
William E. Findley****	Vice President	None
Mary Genet*****	Vice President	None
Melinda Miller Gordon*	Vice President	None
Christina Haydt++	Vice President- Institutional Sales	None
Carol Anne Kelty*	Vice President- Institutional Sales	None
Gertrude F. Laidig+++++	Vice President	None
Kathleen McIntyre Lewis++	Vice President	None
Susan M. O'Connor*	Vice President- Institutional Seminars	None
Andrew Pearson+++	Vice President- Institutional Sales	None
Jean Heitzman Penny*****	Vice President- Institutional Sales	None
Dwight Pierce+	Vice President	None
Emil Samman*	Vice President- Institutional Marketing	None
Edward Sands*	Vice President- Institutional Operations	None
Sue Ann Seefeld++++	Vice President- Institutional Sales	None
Judy Ulrich***	Vice President	None
Elizabeth Biordi Wieland*	Vice President- Institutional Administration	None
Roberta Hall*****	Assistant Vice President- Institutional Servicing	None
Eva Machek*****	Assistant Vice President- Institutional Sales	None
Debra Masterpalo*	Assistant Vice President	None
James Nieland*	Assistant Vice President	None
Lois Paterson*	Assistant Vice President- Institutional Operations	None
William Schalda*	Assistant Vice Prsident	None
Karen Markovic Shpall++++++	Assistant Vice President	None
Emilie Tongalson**	Assistant Vice President- Institutional Servicing	None
Tonda Watson****	Assistant Vice President- Institutional Sales	None

Group Retirement Plans Division of Dreyfus Service Corporation
===

Name and principal business address	Positions and offices with Group Retirement Plans Division of Dreyfus Service Corporation	Positions and offices with Registrant
Elie M. Genadry*	President	None
Robert W. Stone*	Executive Vice President	None
Paul Allen*	Senior Vice President-National Sales	None
George Anastasakos*	Vice President	None
William Gallagher*	Vice President-Sales	None
Brent Glading*	Vice President-Sales	None
Gerald Goz*	Vice President-Sales	None
Cherith Harrison*	Vice President-Sales	None
Leonard Larrabee*	Vice President and Senior Counsel	None
Samuel Mancino**	Vice President-Installation	None
Joanna Morris*	Vice President-Sales	None
Scott Zeleznyk*	Vice President-Sales	None
Alana Zion*	Vice President-Sales	None

____

* The address of the offices so indicated is 200 Park Avenue, New York, New York 10166.

** The address of the offices so indicated is 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144.

*** The address of the offices so indicated is 580 California Street, San Francisco, California 94104.

**** The address of the offices so indicated is 3384 Peachtree Road, Suite 100, Atlanta, Georgia 30326-1106.

***** The address of the offices so indicated is 190 South LaSalle Street, Suite 2850, Chicago, Illinois 60603.

\+ The address of the offices so indicated is P.O. Box 1657, Duxbury, Massachusetts 02331.

++ The address of the offices so indicated is 800 West Sixth Street, Suite 1000, Los Angeles, California 90017.

+++ The address of the offices so indicated is 11 Berwick Lane, Edgewood, Rhode Island 02905.

++++ The address of the offices so indicated is 1700 Lincoln Street, Suite 3940, Denver, Colorado 80203.

+++++ The address of the offices so indicated is 6767 Forest Hill Avenue, Richmond, Virginia 23225.

++++++ The address of the offices so indicated is 2117 Diamond Street, San Diego, California 92109.

+++++++ The address of the offices so indicated is P.O. Box 757, Holliston, Massachusetts 01746.

Item 30. Location of Accounts and Records

1. The Shareholder Services Group, Inc., a subsidiary of First Data Corporation
P.O. Box 9671
Providence, Rhode Island 02940-9671

2. The Bank of New York
110 Washington Street
New York, New York 10286

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

Item 31. Management Services

Not Applicable

Item 32. Undertakings

Registrant hereby undertakes

(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 its latest annual report to shareholders, upon request and without charge, beginning with the annual report to shareholders for the fiscal year ending February 28, 1994.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant 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 30th day of December, 1993.

FIRST PRAIRIE TAX EXEMPT BOND FUND, INC.

BY: /s/Joseph S. DiMartino

JOSEPH S. DIMARTINO, PRESIDENT

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, this Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
/s/Joseph S. DiMartino* Joseph S. DiMartino	President (Principal Executive Officer) and Director	12/30/93
/s/John J. Pyburn* John J. Pyburn	Treasurer (Principal Financial Officer)	12/30/93
/s/Gregory S. Gruber* Gregory S. Gruber	Controller (Principal Accounting Officer)	12/30/93

/s/John P. Gould* John P. Gould	Director	12/30/93
/s/Raymond D. Oddi* Raymond D. Oddi	Director	12/30/93

*BY: /s/Robert I. Frenkel
Robert I. Frenkel
Attorney-in-Fact