

DREYFUS STRATEGIC MUNICIPAL BOND FUND INC
Form N-30D
January 29, 2001

Dreyfus

Strategic Municipal

Bond Fund, Inc.

ANNUAL REPORT November 30, 2000

(reg.tm)

The views expressed herein are current to the date of this report. These views and the composition of the fund's portfolio are subject to change at any time based on market and other conditions.

* Not FDIC-Insured * Not Bank-Guaranteed * May Lose Value

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THE FUND

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FOR MORE INFORMATION

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The Fund

Dreyfus Strategic Municipal Bond Fund, Inc.

LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Strategic Municipal Bond Fund, Inc., covering the 12-month period from December 1, 1999 through November 30, 2000. Inside, you'll find valuable information about how the fund was managed during the reporting period, including a discussion with the fund's portfolio manager, Paul Disdier.

Despite some modest fluctuations, municipal bond prices have generally risen over the 12-month reporting period. Positive supply-and-demand influences helped support a municipal bond market rally. During the second half of the reporting period, most sectors of the municipal bond market also benefited from slowing economic growth. In addition to the moderating effects of the Federal Reserve Board's interest-rate hikes during 1999 and the first half of 2000, the U.S. economy has slowed in response to higher energy prices and a weak euro.

In general, the overall investment environment that prevailed in the second half of the 1990s provided returns well above their historical averages, establishing unrealistic expectations for some investors. We believe that as the risks of the stock market have become more apparent recently, the relative stability and income potential of municipal bonds can make them an attractive investment as part of a well-balanced portfolio.

Thank you for investing in Dreyfus Strategic Municipal Bond Fund, Inc.

Sincerely,

Stephen E. Canter

President and Chief Investment Officer

The Dreyfus Corporation

December 15, 2000

DISCUSSION OF FUND PERFORMANCE

Paul Disdier, Portfolio Manager

How did Dreyfus Strategic Municipal Bond Fund, Inc. perform during the period?

For the 12-month reporting period ended November 30, 2000, Dreyfus Strategic Municipal Bond Fund, Inc. provided a total return of 7.70%.⁽¹⁾ The fund produced income dividends of \$0.5604 per share, which is equal to a distribution rate of 6.90% over the same period.⁽²⁾

We attribute the fund's good performance to a relatively strong investment environment for municipal bonds over the past year. The market rally was driven primarily by positive supply-and-demand factors and, later in the reporting period, signs of an economic slowdown. We are particularly pleased that the fund

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has provided good performance relative to common stocks during most of the period, and that the fund's market price has improved as investor demand for municipal bonds has risen.

What is the fund's investment approach?

The fund seeks high current income exempt from federal income taxes by investing in long-term, tax-exempt municipal bonds.

In so doing, we look for bonds that we believe can provide high current income. We strive to find such opportunities through analyses of individual bonds' structures. Within the context of our bond structure analysis, we pay particularly close attention to each bond's maturity and early redemption features.

Over time, many of the fund's older higher yielding bonds have matured or were redeemed by their issuers. We have generally attempted to replace those bonds with new securities that offered currently higher than average income payments. We have also sought to upgrade the fund with newly issued bonds that, in our opinion, have better structural or income characteristics than existing hold-

The Fund

DISCUSSION OF FUND PERFORMANCE (CONTINUED)

ings. When such opportunities arise, we usually sell bonds that are close to redemption or maturity. In addition, we conduct credit analysis of our holdings in an attempt to avoid potential defaults on interest and principal payments.

What other factors influenced the fund's performance?

Favorable economic and market conditions positively influenced the fund over the past year. When the reporting period began on November 1, 1999, the U.S. economy was growing strongly, raising concerns that long-dormant inflationary pressures might reemerge. In response, the Federal Reserve Board (the "Fed") raised short-term interest rates at its February, March and May 2000 meetings. However, tax-exempt yields later declined modestly -- and prices rose accordingly -- when the Fed did not change interest rates at subsequent meetings in June, August, October and November. The Fed held monetary policy steady because of signs that its previous rate hikes were having the desired effect of slowing the economy.

In addition, the continuing strength of the U.S. economy helped keep municipal bond yields relatively low compared to taxable bonds. Most states and municipalities enjoyed higher tax revenues, curtailing their need to borrow and resulting in a reduced supply of securities compared to the same period one year earlier. At the same time that the supply of new bonds was falling, demand was strong from individuals and financial institutions seeking to protect their wealth in a "flight to quality" from heightened volatility in the stock market. When demand rises and supply falls, prices of existing bonds tend to move higher.

In this environment, we were able to improve protection from the effects of early redemptions and enhance the fund's credit quality. These improvements were made possible as we continued to put to work the proceeds of our issuance of auction-rate preferred stock, which occurred just a few months before the reporting period -- and the market rally -- began.

Over the past year, we invested primarily in bonds with what we considered very attractive yields in order to maintain the fund's income stream and achieve a broader level of diversification. We found such high yields in, for example,

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industrial development bonds backed by airlines, paper companies and utility companies.

What is the fund's current strategy?

Our strategy remains the same: to maintain as high a level of tax-exempt income as possible in an investment environment characterized by relatively low yields. To that end, we have continued to attempt to replace older bonds nearing maturity or redemption with newer bonds with comparable income characteristics. Also, as a result of new purchases of long-term bonds, we have maintained the fund's average effective duration -- a measure of sensitivity to changing interest rates -- toward the long end of its range. This duration management strategy is designed to lock in high yields for as long as practical.

December 15, 2000

(1) TOTAL RETURN INCLUDES REINVESTMENT OF DIVIDENDS AND ANY CAPITAL GAINS PAID, BASED UPON NET ASSET VALUE PER SHARE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. INCOME MAY BE SUBJECT TO STATE AND LOCAL TAXES AND SOME INCOME MAY BE SUBJECT TO THE FEDERAL ALTERNATIVE MINIMUM TAX (AMT) FOR CERTAIN INVESTORS. CAPITAL GAINS, IF ANY, ARE FULLY TAXABLE.

(2) DISTRIBUTION RATE PER SHARE IS BASED UPON DIVIDENDS PER SHARE PAID FROM NET INVESTMENT INCOME DURING THE PERIOD, DIVIDED BY THE MARKET PRICE PER SHARE AT THE END OF THE PERIOD.

The Fund

SELECTED INFORMATION

November 30, 2000 (Unaudited)

Market Price per share November 30, 2000	\$8 1/8
Common Shares Outstanding November 30, 2000	47,783,925
New York Stock Exchange Ticker Symbol	DSM

MARKET PRICE (NEW YORK STOCK EXCHANGE)

Fiscal Year Ended November 30, 2000

	QUARTER ENDED FEBRUARY 29, 2000	QUARTER ENDED MAY 31, 2000	QUARTER ENDED AUGUST 31, 2000
High	\$8	\$81_8	\$81_2
Low	71_8	71_4	77_8
Close	75_8	77_8	83_8

PERCENTAGE GAIN (LOSS) based on change in Market Price*

November 22, 1989 (commencement of operations)

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through November 30, 2000

December 1, 1990 through November 30, 2000

December 1, 1995 through November 30, 2000

December 1, 1999 through November 30, 2000

March 1, 2000 through November 30, 2000

June 1, 2000 through November 30, 2000

September 1, 2000 through November 30, 2000

NET ASSET VALUE PER SHARE

November 22, 1989 (commencement of operations)	\$9.32
November 30, 1999	8.56
February 29, 2000	8.31
May 31, 2000	8.25
August 31, 2000	8.75
November 30, 2000	8.60

PERCENTAGE GAIN (LOSS) based on change in Net Asset Value*

November 22, 1989 (commencement of operations)
through November 30, 2000

December 1, 1990 through November 30, 2000

December 1, 1995 through November 30, 2000

December 1, 1999 through November 30, 2000

March 1, 2000 through November 30, 2000

June 1, 2000 through November 30, 2000

September 1, 2000 through November 30, 2000

(*) WITH DIVIDENDS REINVESTED.

STATEMENT OF INVESTMENTS

November 30, 2000

LONG-TERM MUNICIPAL INVESTMENTS--97.7%

ALABAMA--.5%

Alabama Industrial Development Authority, SWDR

Princ

Amount

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(Pine City Fiber Co.) 6.45%, 12/1/2023	3,0
ALASKA--4.1%	
Alaska Housing Finance Corporation:	
6.25%, 6/1/2035 (Insured; MBIA)	7,8
6.05%, 6/1/2039 (Insured; MBIA)	12,1
Valdez Marine Terminal, Revenue	
(BP Pipeline, Inc.) 5.50%, 10/1/2028	4,5
ARIZONA--1.4%	
Apache County Industrial Development Authority, PCR	
(Tuscon Electric Power Co.) 5.85%, 3/1/2028	9,5
ARKANSAS--.9%	
Arkansas Development Finance Authority, SFMR	
6.25%, 1/1/2032	5,0
CALIFORNIA--2.8%	
California Health Facilities Financing Authority,	
Health Facility Financing Revenue	
(Cedars-Sinai Medical Center) 6.25%, 12/1/2034	3,7
California Statewide Communities	
Development Authority, COP	
(The Internext Group) 5.375%, 4/1/2030	5,0
Los Angeles Department of Water and Power,	
Waterworks Revenue	
6.10%, 10/15/2039 (Insured; FGIC)	8,0
COLORADO--.5%	
Colorado Health Facilities Authority, Revenue	
(American Housing Foundation 1, Inc.) 10.25%, 12/1/2020	5,6
CONNECTICUT--2.7%	
Connecticut Development Authority, PCR	
(Connecticut Light and Power) 5.95%, 9/1/2028	14,0
Connecticut Housing Finance Authority,	
Housing Mortgage Finance Program	
5.85%, 11/15/2028	3,4

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DELAWARE--1.0%

Delaware Health Facilities Authority, Revenue

(Beebe Medical Center) 6.80%, 6/1/2024

5,9

DISTRICT OF COLUMBIA--1.2%

Metropolitan Washington Airports Authority,

Special Facilities Revenue

(Caterair International Corp.) 10.125%, 9/1/2011

6,9

STATEMENT OF INVESTMENTS (CONTINUED)

Pri

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

Amou

FLORIDA--6.5%

Florida Housing Finance Corporation, Housing Revenue

(Seminole Ridge Apartments) 6%, 4/1/2041 (Insured; GNMA)

6,4

Florida Board of Education, Capital Outlay 7.858%, 6/1/2019

15,0

Lee County Industrial Development Authority,

Health Care Facilities Revenue

(Shell Point Village) 5.50%, 11/15/2029

1,5

Orange County Health Facilities Authority, Revenue

(Orlando Regional Healthcare System) 6%, 10/1/2026

3,5

Palm Beach County, Solid Waste IDR:

(Okeelanta Power Limited Partnership)

6.70%, 2/15/2015

5,0

(Osceola Power Limited Partnership)

6.95%, 1/1/2022

5,0

South Lake County Hospital District, Revenue

(South Lake Hospital, Inc.) 5.80%, 10/1/2034

6,0

GEORGIA--1.8%

Private Colleges and Universities Facilities Authority, Revenue

(Clark Atlanta University)

8.25%, 1/1/2015 (Prerefunded 1/1/2003)

9,6

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IDAHO--.4%

Idaho Housing & Finance Association, SFMR

6.35%, 1/1/2030 (Insured; FNMA) 2,5

ILLINOIS--4.5%

Chicago-O'Hare International Airport, Special Facility Revenue

(Delta Airlines) 6.45%, 5/1/2018 2,7

Illinois Development Finance Authority, Revenue:

(Community Rehabilitation Providers
Facilities Acquisition Program):

6.05%, 7/1/2019 5,2

8.50%, 9/1/2010 1,6

HR (Adventist Health Systems/Sunbelt) 5.50%, 11/15/2029 4,1

Illinois Health Facilities Authority, Revenue:

(OSF Healthcare Systems) 6.25%, 11/15/2029 12,0

(Advocate Network Health Care) 6.125%, 11/15/2022 3,0

INDIANA--3.6%

Burns Harbor Industrial Solid Waste Disposal Facilities, Revenue

(Bethlehem Steel Corp.) 8%, 4/1/2024 6,0

Franklin Township School Building Corp. 6.125%, 1/15/2022 6,0

Indianapolis Airport Authority, Revenue 7.92%, 11/15/2031 4,3

Jasper County, EDR (Georgia Pacific Corp.)

5.60%, 4/1/2029 7,0

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED) Amou

KENTUCKY--.5%

Kenton County Airport Board, Airport Revenue

(Special Facilities--Delta Airlines) 6.125%, 2/1/2022 3,0

LOUISIANA--4.4%

Lake Charles Harbor and Terminal District,
Port Facilities Revenue

(Trunkline LNG Co.) 7.75%, 8/15/2022 15,0

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Parish of De Soto, EIR

(International Paper Co.) 6.55%, 4/1/2019

2,9

West Feliciana Parish, PCR:

(Energy Gulf States) 6.60%, 9/1/2028

4,0

(Gulf States) 5.80%, 12/1/2015

3,5

MARYLAND--1.2%

Baltimore County, PCR (Bethlehem Steel Corp.)

7.50%, 6/1/2015

5,0

Maryland Industrial Development Financing Authority, EDR

(Medical Waste Associates Limited Partnership)

8.75%, 11/15/2010

4,1

MASSACHUSETTS--1.9%

Massachusetts Health and Educational
Facilities Authority, Revenue

(Beth Israel Hospital) 7.508%, 7/1/2025 (Insured; AMBAC)

3,2

Massachusetts Port Authority, Special Project Revenue

(Harborside Hyatt) 10%, 3/1/2026

7,0

Pittsfield, SWDR (Vicon Recovery Associates)

7.95%, 11/1/2004

1,1

MICHIGAN--1.7%

Michigan Hospital Finance Authority, HR

(Genesys Health System Obligated Group)

8.125%, 10/1/2021 (Prerefunded 10/1/2005)

5,0

Michigan Strategic Fund, SWDR

(Genesee Power Station) 7.50%, 1/1/2021

4,0

MISSISSIPPI--1.4%

Mississippi Business Finance Corporation, PCR

(Systems Energy Resources, Inc.) 5.90%, 5/1/2022

9,0

MISSOURI--1.7%

Jackson County Industrial Development Authority,

Health Facilities Revenue

(Carondelet Health Corp.) 9%, 7/1/2020

6,6

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Saint Louis Industrial Development Authority

(Saint Louis Convention Center) 7.25%, 12/15/2035

3,2

STATEMENT OF INVESTMENTS (CONTINUED)

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

Pri

Amou

NEVADA--2.4%

Clark County, IDR (Nevada Power Company)

5.50%, 10/1/2030

7,0

Washoe County (Reno-Sparks Convention Center)

6.40%, 7/1/2029 (Insured; FSA)

8,0

NEW HAMPSHIRE--1.8%

New Hampshire Industrial Development Authority, PCR

(Connecticut Light) 5.90%, 11/1/2016

5,4

New Hampshire Business Finance Authority, PCR

(Public Service Co.) 6%, 5/1/2021

6,0

NEW JERSEY--3.1%

New Jersey Economic Development Authority:

First Mortgage Revenue

(The Evergreens) 9.25%, 10/1/2022

4,9

Special Facilities Revenue (Continental Airlines, Inc.):

6.40%, 9/15/2023

7,0

7.20%, 11/15/2030

7,0

NEW YORK--4.6%

Nassau Health Care Corporation, Health System Revenue

5.75%, 8/1/2029 (Insured; FSA)

10,5

New York City 8%, 8/15/2018 (Prerefunded 8/15/2001)

1,4

New York City Industrial Development Agency, Civic Facility

Revenue (YMCA of Greater New York)

8%, 8/1/2016 (Prerefunded 8/1/2001)

2,9

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New York State Dormitory Authority, Revenue:

Judicial Facility Lease (Suffolk County) 9.50%, 4/15/2014

(Marymount Manhattan College) 6.25%, 7/1/2029

Tsasc Inc.:

6.25%, 7/15/2027

6.375%, 7/15/2039

NORTH CAROLINA--.4%

North Carolina Eastern Municipal Power Agency,

Power Systems Revenue 6.70%, 1/1/2019

OHIO--2.6%

Cuyahoga County, HR (Metrohealth Systems)

6.15%, 2/15/2029

Ohio Air Quality Development Authority, PCR

6.10%, 8/1/2020

Ohio Water Development Authority, PCR

(Cleveland Electric) 6.10%, 8/1/2020

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

OKLAHOMA--2.4%

Oklahoma Development Finance Authority, Revenue

(St. John Health System) 6%, 2/15/2029

Oklahoma Industries Authority, Health System Revenue

(Obligation Group) 5.75%, 8/15/2029 (Insured; MBIA)

PENNSYLVANIA--4.7%

Allegheny County Port Authority,
Special Transportation Revenue

6.125%, 3/1/2029 (Insured; MBIA)

Beaver County Industrial Development Authority, PCR

(Cleveland Electric) 7.625%, 5/1/2025

Pennsylvania Economic Development Financing Authority:

Exempt Facilities Revenue

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(National Gypsum Company) 6.125%, 11/1/2027	5,0
RRR (Northhampton Generating Project) 6.60%, 1/1/2019	4,2
Pennsylvania Housing Finance Agency, Multi-Family Development Revenue 8.25%, 12/15/2019	2
Washington County Authority, Capital Funding Revenue (Capital Projects & Equipment Program) 6.15%, 12/1/2029 (Insured; AMBAC)	5,0
RHODE ISLAND--1.0%	
Rhode Island Health & Educational Building Corporation Higher Educational Facilities (University of Rhode Island) 5.875%, 9/15/2029 (Insured; MBIA)	5,9
SOUTH CAROLINA--.8%	
South Carolina Medical Facilities, Hospital Facilities Revenue 6%, 7/1/2019	5,0
TENNESSEE--2.8%	
Memphis Center City Revenue Finance Corp. Sports Facility Revenue (Memphis Redbirds) 6.50%, 9/1/2028	6,0
Tennessee Housing Development Agency (Homeownership Program): 6%, 1/1/2028 6.40%, 7/1/2031	5,9 5,0
TEXAS--9.4%	
Gregg County Health Facilities Development Corporation, HR (Good Shepherd Medical Center) 6.375%, 10/1/2025	2,5

STATEMENT OF INVESTMENTS (CONTINUED)

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

TEXAS (CONTINUED)

Houston Airport System, Special Facilities Revenue,

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Airport Improvement (Continental Airlines)	
6.125%, 7/15/2017	2,8
Katy Independent School District	
6.125%, 2/15/2032	11,3
Sabine River Authority, PCR	
(TXU Electric) 6.45%, 6/1/2021	3,0
Springhill Courtland Heights Public Facility Corp., MFHR	
5.85%, 12/1/2028	6,0
Texas:	
(Veterans) 6%, 12/1/2030	3,9
(Veterans Housing Assistance Program) 6.10%, 6/1/2031	8,5
Texas Department of Housing and Community Affairs,	
Collateralized Home Mortgage Revenue	
8.953%, 7/2/2024	6,8
Texas Public Property Finance Corp., Revenue	
(Mental Health and Retardation):	
8.625%, 9/1/2001	3
8.875%, 9/1/2011 (Prerefunded 9/1/2001)	5,1
Tyler Health Facilities Development Corp., HR	
(East Texas Medical Center Regional Health Care System)	
6.75%, 11/1/2025	5,8
UTAH--1.6%	
Carbon County, SWDR (Sunnyside Cogeneration):	
7.10%, 8/15/2023	4,9
Zero Coupon, 8/15/2024	1,5
Tooele County, Hazardous Waste Treatment Revenue	
(Union Pacific) 5.70%, 11/1/2026	5,0
VIRGINIA--5.6%	
Fairfax County Water Authority, Revenue	
6.687%, 4/1/2029	4,0
Henrico County Industrial Development Authority, Revenue	
(Bon Secours Health Care System) 7.163%, 8/23/2027	7,5

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Virginia Housing Development Authority:

MFHR 7.05%, 5/1/2018 12,0

Rental Housing 6.20%, 8/1/2024 8,5

WASHINGTON--1.7%

Washington Higher Education Facilities Authority, Revenue

(Whitman College) 5.875%, 10/1/2029 10,0

LONG-TERM MUNICIPAL INVESTMENTS (CONTINUED)

WISCONSIN--5.6%

Wisconsin Health and Educational Facilities Authority, Revenue

(Aurora Health Care, Inc.) 5.60%, 2/15/2029 10,8

Wisconsin Housing and Economic Development Authority

Homeownership Revenue:

8.099%, 7/1/2025 10,6

6.25%, 9/1/2027 13,3

WYOMING--2.5%

Sweetwater County, SWDR (FMC Corp.):

7%, 6/1/2024 2,2

6.90%, 9/1/2024 2,0

Wyoming Student Loan Corporation, Student Loan Revenue

6.20%, 6/1/2024 5,0

6.25%, 6/1/2029 5,0

TOTAL LONG-TERM MUNICIPAL INVESTMENTS (cost \$595,498,051)

SHORT-TERM MUNICIPAL INVESTMENTS--.7%

GEORGIA--.1%

Hapeville Development Authority, IDR, VRDN

(Hapeville Hotel, Ltd.) 4.15% (LOC: Deutsche Bank) 8

MICHIGAN--.3%

Delta County Economic Development Corp.,

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EIR, VRDN

(Oates-Mead- Escanaba Paper) 4.25% (LOC: Scotia Bank)

1,5

MISSISSIPPI--.1%

Harrison County, PCR, VRDN

(Du Pont De Nemours) 4.25%

8

NEW YORK--.1%

New York City Municipal Water Finance Authority, VRDN

Water & Sewer System Revenue 4.15% (Insured; FGIC)

1

WYOMING--.1%

Lincoln County, PCR (Exxon) 4.25%

6

TOTAL SHORT-TERM MUNICIPAL INVESTMENTS

(cost \$3,800,000)

TOTAL INVESTMENTS (cost \$599,298,051)

CASH AND RECEIVABLES (NET)

NET ASSETS

STATEMENT OF INVESTMENTS (CONTINUED)

Summary of Abbreviations

AMBAC	American Municipal Bond Assurance Corporation
COP	Certificate of Participation
EDR	Economic Development Revenue
EIR	Environmental Improvement Revenue
FGIC	Financial Guaranty Insurance Company
FNMA	Federal National Mortgage Association
FSA	Financial Security Assurance

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GNMA	Government National Mortgage Association
HR	Hospital Revenue
IDR	Industrial Development Revenue
LOC	Letter of Credit
MBIA	Municipal Bond Investors Assurance Insurance Corporation
MFHR	Multi-Family Housing Revenue
PCR	Pollution Control Revenue
RRR	Resources Recovery Revenue
SFMR	Single Family Mortgage Revenue
SWDR	Solid Waste Disposal Revenue
VRDN	Variable Rate Demand Notes

Summary of Combined Ratings (Unaudited)

Fitch	or	Moody's	or	Standard & Poor's
AAA		Aaa		AAA
AA		Aa		AA
A		A		A
BBB		Baa		BBB
BB		Ba		BB
B		B		B
F-1+, F-1		VMIG1, MIG1, P1		SP1, A1
Not Rated (f)		Not Rated (f)		Not Rated (f)

(A) NON-INCOME PRODUCING SECURITY, INTEREST PAYMENTS IN DEFAULT.

(B) INVERSE FLOATER SECURITY--THE INTEREST RATE IS SUBJECT TO CHANGE PERIODICALLY.

(C) SECURITIES EXEMPT FROM REGISTRATION UNDER RULE 144A OF THE SECURITIES ACT OF 1933. THESE SECURITIES MAY BE RESOLD IN TRANSACTIONS EXEMPT FROM

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REGISTRATION, NORMALLY TO QUALIFIED INSTITUTIONAL BUYERS. AT NOVEMBER 30, 2000, THESE SECURITIES AMOUNTED TO \$34,887,149 OR 5.8% OF NET ASSETS.

(D) BONDS WHICH ARE PREREFUNDED ARE COLLATERALIZED BY U.S. GOVERNMENT SECURITIES WHICH ARE HELD IN ESCROW AND ARE USED TO PAY PRINCIPAL AND INTEREST ON THE MUNICIPAL ISSUE AND TO RETIRE THE BONDS IN FULL AT THE EARLIEST REFUNDING DATE.

(E) SECURITIES PAYABLE ON DEMAND. VARIABLE INTEREST RATE SUBJECT TO PERIODIC CHANGE.

(F) SECURITIES WHICH, WHILE NOT RATED BY FITCH, MOODY'S AND STANDARD & POOR'S HAVE BEEN DETERMINED BY THE INVESTMENT ADVISER TO BE OF COMPARABLE QUALITY TO THOSE RATED SECURITIES IN WHICH THE FUND MAY INVEST.

SEE NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF ASSETS AND LIABILITIES

November 30, 2000

	Cost	Value

ASSETS (\$):		
Investments in securities--See Statement of Investments	599,298,051	587,250,051
Cash		57,678
Receivable for investment securities sold		11,990,625
Interest receivable		11,629,882
Prepaid expenses		10,721
		610,938,957

LIABILITIES (\$):		
Due to The Dreyfus Corporation and affiliates		367,199
Payable for investment securities purchased		13,183,320
Commissions payable		30,539
Dividends payable to preferred shareholders		55,382
Accrued expenses		221,458
		13,857,898

NET ASSETS (\$)		597,081,059

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COMPOSITION OF NET ASSETS (\$):

Auction Preferred Stock, Series A, B and C, par value \$.001 per share	
(7,440 total shares issued and outstanding at	
\$25,000 per share liquidation preference)--Note 1	186,000,000
Common Stock, par value, \$.001 per share (47,783,925 shares	
issued and outstanding)	
	47,784
Paid-in capital	445,615,876
Accumulated undistributed investment income--net	783,581
Accumulated net realized gain (loss) on investments	(23,318,182)
Accumulated net unrealized appreciation (depreciation)	
on investments--Note 4	
	(12,048,000)
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	411,081,059

NET ASSETS (\$)	597,081,059

COMMON SHARES OUTSTANDING	
(110 million shares of \$.001 par value Common Stock authorized)	
	47,783,925
NET ASSET VALUE PER COMMON STOCK, offering and redemption price per share (\$)	8.60

SEE NOTES TO FINANCIAL STATEMENTS.

The Fund

STATEMENT OF OPERATIONS

Year Ended November 30, 2000

INVESTMENT INCOME (\$):

INTEREST INCOME	38,712,025
-----------------	------------

EXPENSES:

Management fee--Note 3(a)	2,952,414
Administration fee--Note 3(a)	1,476,206
Commission fees--Note 1	514,433
Professional fees	223,753
Shareholders' reports	68,606

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Shareholder servicing costs	51,447
Directors' fees and expenses--Note 3(b)	46,611
Registration fees	42,628
Custodian fees	5,248
Interest expense--Note 2	2,556
Miscellaneous	36,698
TOTAL EXPENSES	5,420,600
INVESTMENT INCOME--NET	33,291,425

 REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS--NOTE 4 (\$):

Net realized gain (loss) on investments	(4,672,749)
Net unrealized appreciation (depreciation) on investments	8,042,876
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	3,370,127
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	36,661,552

SEE NOTES TO FINANCIAL STATEMENTS.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended November 30,	
	2000	1999
OPERATIONS (\$):		
Investment income--net	33,291,425	28,853,202
Net realized gain (loss) on investments	(4,672,749)	(4,834,127)
Net unrealized appreciation (depreciation) on investments	8,042,876	(39,136,429)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	36,661,552	(15,117,354)

 DIVIDENDS TO SHAREHOLDERS FROM (\$):

Investment income--net:		
Common Stock	(26,778,113)	(27,789,863)
Preferred Stock	(7,597,500)	(1,147,008)
TOTAL DIVIDENDS	(34,375,613)	(28,936,871)

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CAPITAL STOCK TRANSACTIONS (\$):

Proceeds from issuance of Preferred Stock	--	186,000,000
Dividends reinvested--Note 1(c)	--	1,179,838
Offering costs charged to paid-in capital resulting		
from issuance of Preferred Stock	(163,370)	(2,060,000)
INCREASE (DECREASE) IN NET ASSETS FROM CAPITAL STOCK TRANSACTIONS	(163,370)	185,119,838
TOTAL INCREASE (DECREASE) IN NET ASSETS	2,122,569	141,065,613

NET ASSETS (\$):

Beginning of Period	594,958,490	453,892,877
END OF PERIOD	597,081,059	594,958,490
Undistributed investment income--net	783,581	1,867,769

CAPITAL SHARE TRANSACTIONS (COMMON SHARES):

INCREASE IN COMMON SHARES OUTSTANDING AS A RESULT OF DIVIDENDS REINVESTED	--	124,560
--	----	---------

SEE NOTES TO FINANCIAL STATEMENTS.

The Fund

FINANCIAL HIGHLIGHTS

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements and market price data for the fund's shares.

	Year E		
	2000	1999	199
PER SHARE DATA (\$):			
Net asset value, beginning of period	8.56	9.52	9.
Investment Operations:			
Investment income--net	.70	.58	.
Net realized and unrealized			

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gain (loss) on investments	.06	(.90)	.
Total from Investment Operations	.76	(.32)	.
Distributions:			
Dividends from investment income--net:			
Common Stock	(.56)	(.58)	(.6
Preferred Stock(e)	(.16)	(.02)	-
Total Distributions	(.72)	(.60)	(.6
Capital Stock transactions--net effect			
of Preferred Stock offering	(.00) (a)	(.04)	
Net asset value, end of period	8.60	8.56	9.
Market value, end of period	81_8	711_16	103_

TOTAL RETURN (%) (B)	13.30	(19.36)	2.

RATIOS/SUPPLEMENTAL DATA (%):			
Ratio of expenses to average net assets			
applicable to Common Stock	1.34 (c, d)	.91 (c, d)	.
Ratio of net investment income to average net assets applicable to Common Stock			
	8.25 (c, d)	6.64 (c, d)	6.
Portfolio Turnover Rate	27.58	32.58	6.
Asset coverage of Preferred Stock,			
end of period	321	320	

Net Assets, net of Preferred Stock,			
end of period (\$ x 1,000)	411,081	408,958	453,
Preferred Stock outstanding,			
end of period (\$ x 1,000) (f)	186,000	186,000	

(A) AMOUNT REPRESENTS LESS THAN \$.01 PER SHARE.

(B) CALCULATED BASED ON MARKET VALUE.

(C) DOES NOT REFLECT THE EFFECT OF DIVIDENDS TO PREFERRED STOCK SHAREHOLDERS.

(D) THE RATIO OF EXPENSES TO TOTAL AVERAGE NET ASSETS AND THE RATIO OF NET INVESTMENT INCOME TO TOTAL AVERAGE NET ASSETS WERE .92% AND 5.64%, RESPECTIVELY, FOR THE YEAR ENDED NOVEMBER 30, 2000 AND .84% AND 6.13%, RESPECTIVELY, FOR THE YEAR ENDED NOVEMBER 30, 1999.

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(E) BASED ON AVERAGE COMMON SHARES OUTSTANDING.

(F) PREFERRED SHARES WERE ISSUED ON SEPTEMBER 22, 1999.

SEE NOTES TO FINANCIAL STATEMENTS.

NOTES TO FINANCIAL STATEMENTS

NOTE 1--Significant Accounting Policies:

Dreyfus Strategic Municipal Bond Fund, Inc. (the "fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified closed-end management investment company. The fund's investment objective is to maximize current income exempt from Federal income tax to the extent believed by the fund's investment adviser to be consistent with the preservation of capital. The Dreyfus Corporation ("Dreyfus") serves as the fund's investment adviser and administrator. Dreyfus is a direct subsidiary of Mellon Bank, N.A., which is a wholly-owned subsidiary of Mellon Financial Corporation ("Mellon"). Boston Safe Deposit and Trust Company (the "Custodian") acts as the fund's custodian. The Custodian is a wholly-owned subsidiary of Mellon. PFPC Global Fund Services ("PFPC"), a subsidiary of PNC Bank ("PNC"), serves as the fund's transfer agent, dividend-paying agent, registrar and plan agent.

The fund has outstanding 2,480 shares each of Series A, Series B and Series C for a total of 7,440 shares of Auction Preferred Stock ("APS"), with a liquidation preference of \$25,000 per share (plus an amount equal to accumulated but unpaid dividends upon liquidation). APS dividend rates are determined pursuant to periodic auctions. Bankers Trust, as Auction Agent, receives a fee from the fund for its services in connection with such auctions. The fund also compensates broker-dealers generally at an annual rate of .25% of the purchase price of the shares of APS placed by the broker-dealer in an auction.

The fund is subject to certain restrictions relating to the APS. Failure to comply with these restrictions could preclude the fund from declaring any distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of APS at liquidation value.

The holders of the APS, voting as a separate class, have the right to elect at least two directors. The holders of the APS vote as a separate class on certain other matters, as required by law. Robin A. Pringle and John E. Zuccotti represent holders of APS on the fund's Board of Directors.

The Fund

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

(a) Portfolio valuation: Investments in municipal debt securities (excluding options and financial futures on municipal and U.S. treasury securities) are valued on the last business day of each week and month by an independent pricing service ("Service") approved by the Board of Directors. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the

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market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of municipal securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions. Options and financial futures on municipal securities and U.S. treasury securities are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market on the last business day of each week and month. Investments not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices. Bid price is used when no asked price is available.

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

(c) Dividends to shareholders of Common Stock ("Common Shareholder(s)": Dividends are recorded on the ex-dividend date. Dividends from investment income-net are declared and paid monthly. Dividends from net realized capital gain are normally declared and paid at least annually. To the extent that net realized capital gain can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gain.

For common shareholders who elect to receive their distributions in additional shares of the fund, in lieu of cash, such distributions will be reinvested at the lower of the market price or net asset value per share (but not less than 95% of the market price) as defined in the dividend reinvestment plan.

On November 30, 2000, the Board of Directors declared a cash dividend to Common Shareholders of \$.0467 per share from investment income-net, payable on December 29, 2000 to Common Shareholders of record as of the close of business on December 14, 2000.

(d) Dividends to APS shareholders: For APS, dividends are currently reset every 7 days. The dividend rates in effect at November 30, 2000 were as follows: Series A -- 4.10%, Series B -- 4.10% and Series C - 4.05%.

(e) Federal income taxes: It is the policy of the fund to continue to qualify as a regulated investment company, which can distribute tax exempt dividends, by complying with the applicable provisions of the Internal Revenue Code of 1986, as amended, and to make distributions of income and net realized capital gain sufficient to relieve it from substantially all Federal income and excise taxes.

The fund has an unused capital loss carryover of approximately \$23,318,000 available for Federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to November 30, 2000. If not applied, \$4,499,000 of the carryover expires in fiscal 2002, \$9,312,000 expires in fiscal 2003, \$3,964,000 expires in fiscal 2007 and \$5,543,000 expires in 2008.

The Fund

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2--Bank Line of Credit:

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The fund participates with other Dreyfus-managed funds in a \$100 million unsecured line of credit primarily to be utilized for temporary or emergency purposes, including the financing of redemptions. Interest is charged to the fund at rates which are related to the Federal Funds rate in effect at the time of borrowings.

The average daily amount of borrowings outstanding under the line of credit during the period ended November 30, 2000, was approximately \$11,500 with a related weighted average annualized interest rate of 6.37%.

NOTE 3--Investment Advisory Fee, Administration Fee and Other Transactions With Affiliates:

(a) The fee payable by the fund, pursuant to the provisions of an Investment Advisory Agreement with Dreyfus, is payable monthly based on an annual rate of .50 of 1% of the value of the fund's average weekly net assets. The fund also has an Administration Agreement with Dreyfus, a Custody Agreement with the Custodian and a Transfer Agency and Registrar Agreement with PFPC. The fund pays in the aggregate for administration, custody and transfer agency services a monthly fee based on an annual rate of .25 of 1% of the value of the fund's average weekly net assets; out-of pocket transfer agency and custody expenses are paid separately by the fund.

(b) Each director who is not an "affiliated person" as defined in the Act receives from the fund an annual fee of \$2,500 and an attendance fee of \$500 per meeting. The Chairman of the Board receives an additional 25% of such compensation and the Director Emeritus receives 50% of such compensation.

NOTE 4--Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended November 30, 2000, amounted to \$160,579,694 and \$161,890,517, respectively.

At November 30, 2000, accumulated net unrealized depreciation on investments was \$12,048,000, consisting of \$16,035,319 gross unrealized appreciation and \$28,083,319 gross unrealized depreciation.

At November 30, 2000, the cost of investments for Federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

The Fund

REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors Dreyfus Strategic Municipal Bond Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Dreyfus Strategic Municipal Bond Fund, Inc., including the statement of investments, as of November 30, 2000, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the years indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and

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financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included verification by examination of securities held by the custodian as of November 30, 2000 and confirmation of securities not held by the custodian by correspondence with others. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus Strategic Municipal Bond Fund, Inc. at November 30, 2000, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the indicated years, in conformity with accounting principles generally accepted in the United States.

New York, New York

January 9, 2001

IMPORTANT TAX INFORMATION (Unaudited)

In accordance with Federal tax law, the fund hereby designates all the dividends paid from investment income-net during the fiscal year ended November 30, 2000 as "exempt-interest dividends" (not generally subject to regular Federal income tax).

As required by Federal tax law rules, shareholders will receive notification of their portion of the fund's taxable ordinary dividends and capital gain distributions paid for the 2000 calendar year on Form 1099-DIV which will be mailed by January 31, 2001.

The Fund

DIVIDEND REINVESTMENT PLAN (Unaudited)

Under the fund's Dividend Reinvestment Plan (the "Plan"), a holder of the Common Stock ("Common Shareholder") who has fund shares registered in his name will have all dividends and distributions reinvested automatically by PFPC Global Fund Services, as Plan agent (the "Agent"), in additional shares of the fund at the lower of prevailing market price or net asset value (but not less than 95% of market value at the time of valuation) unless such Common Shareholder elects to receive cash as provided below. If market price is equal to or exceeds net asset value, shares will be issued at net asset value. If net asset value exceeds market price or if a dividend or other distribution payable only in cash is declared, the Agent, as agent for the Plan participants, will buy fund shares in the open market. A Plan participant is not relieved of any income tax that may be payable on such dividends or distributions.

A Common Shareholder who owns fund shares registered in the name of his broker/dealer or other nominee (i.e., in "street name") may not participate in the Plan, but may elect to have cash dividends and distributions reinvested by his broker/dealer or other nominee in additional shares of the fund if such service is provided by the broker/dealer or other nominee; otherwise such dividends and distributions will be treated like any other cash dividend or distribution.

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A Common Shareholder who has fund shares registered in his name may elect to withdraw from the Plan at any time for a \$5.00 fee and thereby elect to receive cash in lieu of shares of the fund. Changes in elections must be by direct mail to PFPC Global Fund Services, Attention: Closed-End Funds, Post Office Box 8030, Boston, Massachusetts 02266, or by telephone at 1-800-331-1710, and should include the shareholder's name and address as they appear on the Agent's records. Elections received by the Agent will be effective only if received prior to the record date for any distribution.

The Agent maintains all Common Shareholder accounts in the Plan and furnishes written confirmations of all transactions in the account. Shares in the account of each Plan participant will be held by the

Agent in non-certificated form in the name of the participant, and each such participant's proxy will include those shares purchased pursuant to the Plan.

The fund pays the Agent's fee for reinvestment of dividends and distributions. Plan participants pay a pro rata share of brokerage commissions incurred with respect to the Agent's open market purchases in connection with the reinvestment of dividends or distributions.

The fund reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to written notice of the change sent to Plan participants at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by the Agent on at least 90 days' written notice to Plan participants.

The Fund

PROXY RESULTS (Unaudited)

During the fiscal year ended November 30, 2000, holders of both common stock and Auction Preferred Stock, voted together as a single class on the following proposals presented at the annual shareholders' meeting held on May 12, 2000. The descriptions of each proposal and the number of shares voted are as follows:

	For

To elect three Class I Directors:(+)	
Hodding Carter, III	39,611,682
Joseph S. DiMartino	39,701,047
Richard C. Leone	39,778,681
	Shares

	For
	Against

To ratify the selection of
Ernst & Young LLP
as independent auditors

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of the fund

39,778,681

126,4

((+)) THE TERMS OF THESE CLASS I DIRECTORS EXPIRE IN 2003.

OFFICERS AND DIRECTORS

Dreyfus Strategic Municipal Bond Fund, Inc.

200 Park Avenue

New York, NY 10166

DIRECTORS

Joseph S. DiMartino

David W. Burke

Hodding Carter, III

Ehud Houminer

Richard C. Leone

Hans C. Mautner

Robin A. Pringle ((+))

John E. Zuccotti ((+))

((+)) AUCTION PREFERRED STOCK DIRECTORS

OFFICERS

President

Stephen E. Canter

Vice President and Treasurer

Joseph Connolly

Executive Vice President

Paul Disdier

Vice President

Mark N. Jacobs

Secretary

John B. Hammalian

Assistant Secretary

Steven F. Newman

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Assistant Secretary

Michael A. Rosenberg

Assistant Treasurer

Gregory S. Gruber

PORTFOLIO MANAGERS

Joseph P. Darcy

A. Paul Disdier

Douglas J. Gaylor

Joseph A. Irace

Colleen A. Meehan

PORTFOLIO MANAGERS (CONTINUED)

Richard J. Moynihan

W. Michael Petty

Scott Sprauer

Samuel J. Weinstock

Monica S. Wieboldt

INVESTMENT ADVISER AND ADMINISTRATOR

The Dreyfus Corporation

CUSTODIAN

Boston Safe Deposit and Trust Company

COUNSEL

Stroock & Stroock & Lavan LLP

TRANSFER AGENT, DIVIDEND-PAYING AGENT, REGISTRAR AND PLAN AGENT

PFPC Global Fund Services

(Common Stock)

Bankers Trust (Auction Preferred Stock)

AUCTION AGENT

Bankers Trust (Auction Preferred Stock)

STOCK EXCHANGE LISTING

NYSE Symbol: DSM

INITIAL SEC EFFECTIVE DATE

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11/22/89

THE NET ASSET VALUE APPEARS IN THE FOLLOWING PUBLICATIONS: BARRON'S, CLOSED-END BOND FUNDS SECTION UNDER THE HEADING "MUNICIPAL BOND FUNDS" EVERY MONDAY; WALL STREET JOURNAL, MUTUAL FUNDS SECTION UNDER THE HEADING "CLOSED-END FUNDS" EVERY MONDAY; NEW YORK TIMES, BUSINESS SECTION UNDER THE HEADING "CLOSED-END BOND FUNDS--MUNICIPAL BOND FUNDS" EVERY MONDAY.

NOTICE IS HEREBY GIVEN IN ACCORDANCE WITH SECTION 23(C) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, THAT THE FUND MAY PURCHASE SHARES OF ITS COMMON STOCK IN THE OPEN MARKET WHEN IT CAN DO SO AT PRICES BELOW THE THEN CURRENT NET ASSET VALUE PER SHARE.

The Fund

For More Information

Dreyfus Strategic Municipal

Bond Fund, Inc.

200 Park Avenue

New York, NY 10166

Manager

The Dreyfus Corporation

200 Park Avenue

New York, NY 10166

Custodian

Boston Safe Deposit and Trust Company

One Boston Place

Boston, MA 02108

Transfer Agent &

Dividend-Paying Agent,

Registrar and Disbursing Agent

PFPC Global Fund Services

(Common Stock)

101 Federal Street

Boston, MA 02110

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