DREYFUS STRATEGIC MUNICIPAL BOND FUND INC
Form N-CSR
January 30, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5877

Dreyfus Strategic Municipal 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)

Michael A. Rosenberg, Esq.
200 Park Avenue
New York, New York 10166
(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 922-6000
Date of fiscal year end: 11/30
Date of reporting period: 11/30/08

FORM N-CSR
Item 1. **Reports to Stockholders.**

Dreyfus Strategic Municipal Bond Fund, Inc.

ANNUAL REPORT November 30, 2008

Dreyfus Strategic Municipal Bond Fund, Inc.

Protecting Your Privacy

Our Pledge to You

THE FUND IS COMMITTED TO YOUR PRIVACY. On this page, you will find the Fund s policies and practices for collecting, disclosing, and safeguarding nonpublic personal information, which may include financial or other customer information.These policies apply to individuals who purchase Fund shares for personal, family, or household purposes, or have done so in the past. This notification replaces all previous statements of the Fund s consumer privacy policy, and may be amended at any time. We ll keep you informed of changes as required by law.

YOUR ACCOUNT IS PROVIDED IN A SECURE ENVIRONMENT. The Fund maintains physical, electronic and procedural safeguards that comply with federal regulations to guard nonpublic personal information. The Fund s agents and service providers have limited access to customer information based on their role in servicing your account.

THE FUND COLLECTS INFORMATION IN ORDER TO SERVICE AND ADMINISTER YOUR ACCOUNT.

The Fund collects a variety of nonpublic personal information, which may include:

- Information we receive from you, such as your name, address, and social security number.
- Information about your transactions with us, such as the purchase or sale of Fund shares.
- Information we receive from agents and service providers, such as proxy voting information.

THE FUND DOES NOT SHARE NONPUBLIC PERSONAL INFORMATION WITH ANYONE, EXCEPT AS PERMITTED BY LAW.

Thank you for this opportunity to serve you.

The views expressed in this report reflect those of the portfolio manager only through the end of the period covered and do not necessarily represent the views of Dreyfus or any other person in the Dreyfus organization. Any such views are subject to change at any time based upon market or other conditions and Dreyfus disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Dreyfus fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Dreyfus fund.

Contents

The Fund

Dreyfus
Strategic Municipal Bond Fund, Inc.

A LETTER FROM THE CEO

Dear Shareholder:

We present to you this annual report for Dreyfus Strategic Municipal Bond Fund, Inc., covering the 12-month period from December 1, 2007, through November 30, 2008.

The U.S. and global economies suffered during the reporting period amid a financial crisis that sparked sharp declines in virtually all areas of the financial markets, including municipal bonds. According to our Chief Economist, four key elements fueled the crisis: a sharp decline in home prices; high leverage and an ambiguous private/public status at mortgage agencies Fannie Mae and Freddie Mac; high leverage among financial institutions, especially investment banks; and regulatory policies and behaviors that exacerbated financial stresses.The governments and central banks of major industrialized nations have responded with massive interventions, including nationalizing some troubled financial institutions, providing loans to others and guaranteeing certain financial instruments. However, the U.S. and global financial systems remain fragile, and economic weakness is likely to persist.

In our view, today s investment environment is rife with near-term challenges and long-term opportunities. Now more than ever, it is important to ensure that your investments are aligned with your current needs, future goals and attitudes toward risk.We urge you to speak regularly with your financial advisor, who can recommend the course of action that is right for you.

For information about how the fund performed during the reporting period, as well as market perspectives, we have provided a Discussion of Fund Performance given by the fund s Portfolio Manager.

Thank you for your continued confidence and support.

Jonathan R. Baum
Chief Executive Officer
The Dreyfus Corporation
December 15, 2008

DISCUSSION OF FUND PERFORMANCE

For the period of December 1, 2007, through November 30, 2008, as provided by James Welch, Senior Portfolio Manager

Fund and Market Performance Overview

For the 12-month period ended November 30, 2008, Dreyfus Strategic Municipal Bond Fund achieved a total return of 16.19% on a net-asset-value basis.[1] Over the same period, the fund provided aggregate income dividends of $0.468 per share, which reflects an annualized distribution rate of 8.46% .2

Municipal bonds suffered bouts of poor liquidity and lack of investor confidence due to a severe financial crisis and economic downturn. Although the fund s income stream and higher-quality holdings held up relatively well in this challenging environment, lower-rated bonds were a drag on total returns.

The Fund s Investment Approach

The fund seeks to maximize current income exempt from federal income tax to the extent believed by Dreyfus to be consistent with the preservation of capital. In pursuing this goal, the fund invests at least 80% of its assets in municipal bonds. Under normal market conditions, the weighted average maturity of the fund s portfolio is expected to exceed 10 years. Municipal bonds are classified as general obligation bonds, revenue bonds and notes. Under normal market conditions, the fund invests at least 80% of its net assets in municipal bonds considered investment grade or the unrated equivalent as determined by Dreyfus.

The fund also has the ability to issue auction-rate preferred stock and invests the proceeds in a manner consistent with its investment objective. This has the effect of leveraging the portfolio, which can increase the fund s performance potential as well as, depending on market conditions, enhance net asset value losses during times of higher market risk.

Over time, many of the fund s older, higher-yielding bonds have matured or were redeemed by their issuers.We have attempted to replace those bonds with investments consistent with the fund s investment policies.We

have also sought to upgrade the fund with newly issued bonds that, in our opinion, have better structural or income characteristics than existing holdings.When such opportunities arise, we usually look to sell bonds that are close to their optimal redemption date or maturity. In addition, we conduct credit analysis of the fund s holdings in an attempt to avoid potential defaults on interest and principal payments.

Municipal Bonds Declined in the Financial Crisis

Like other asset classes, municipal bonds encountered heightened volatility during a U.S. economic downturn led by slumping home prices, rising unemployment, a surge in mortgage foreclosures and plummeting consumer confidence. In addition, a credit crunch that began in 2007 mushroomed into a severe global financial crisis over the summer of 2008, resulting in the failure of several major U.S. financial institutions. Highly leveraged institutional investors were forced to sell creditworthy investments, including municipal bonds, to meet margin calls and redemptions, putting downward pressure on prices. In addition, several major bond insurers suffered massive sub-prime related losses, causing insured bonds to trade at lower levels commensurate with their underlying credit quality.The financial crisis also led to severely curtailed liquidity conditions, especially in the shorter-term segments of the municipal bond market.

These developments boosted the supply of longer-term municipal bonds, causing prices to fall and yields to rise. Indeed, February, September and October 2008 represented three of the worst months in the municipal bond market s history, and during some of the reporting period, tax-exempt yields were significantly higher than those of comparable taxable U.S.Treasury securities.

Lower-Rated, Longer-Term Securities Suffered

The market downturn proved to be particularly damaging to municipal bonds with credit ratings below the AAA range, as risk-averse investors flocked toward the traditional safe havens of U.S. government securities. Because the fund s strategy for maximizing tax-free income relies on such securities, including an allocation to bonds rated below investment

grade, this development detracted from performance. In response, we intensified our credit research, and our analysts confirmed the sound underlying credit fundamentals of the fund s holdings, many of which we believe were punished too severely in the market downturn.

Whenever market conditions allowed, we attempted to take advantage of historically attractive valuations to upgrade the fund s credit quality and reduce its weighted average maturity.When suitable opportunities presented themselves, we focused new purchases on high-quality municipal bonds in the 20-year maturity range. However, these opportunities proved scarce due to limited liquidity.

Finally, the fund s leveraging strategy exacerbated the effects of falling bond prices but helped boost its current income stream. Rates on the fund s auction-rate preferred shares, which are issued to fund its leveraging strategy, remained low despite dislocations in the auction-rate securities market.

Maintaining a Cautious Investment Posture

As of the reporting period s end, the U.S. economy has remained weak, and the financial crisis has persisted. Therefore, over the near term, we intend to maintain our efforts to attain a more defensive investment posture. Over the longer term, however, we believe that low valuations, high yields relative to taxable U.S. government securities and the likelihood of rising federal and state taxes make municipal bonds an attractive asset class.

December 15, 2008

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. Return figure provided reflects the absorption of certain expenses by The Dreyfus Corporation pursuant to an undertaking in effect through October 31, 2009. Had these expenses not been absorbed, the fund s return would have been lower.*

2 *Annualized distribution rate per share is based upon dividends per share paid from net investment income during the period, annualized, divided by the market price per share at the end of the period, adjusted for any capital gain distributions.*

SELECTED INFORMATION

November 30, 2008 (Unaudited)

STATEMENT OF INVESTMENTS

November 30, 2008

Long-Term Municipal Investments 149.3%	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Alaska 4.8%				
Alaska Housing Finance Corporation, General Mortgage Revenue (Insured; MBIA, Inc.)	6.05	6/1/39	11,915,000	11,687,423
Alaska Housing Finance Corporation, Single-Family Residential Mortgage Revenue (Veterans Mortgage Program)	6.25	6/1/35	3,975,000	3,980,605
Arizona 3.7%				
Apache County Industrial Development Authority, PCR (Tucson Electric Power Company Project)	5.85	3/1/28	1,920,000	1,467,629
Arizona Health Facilities Authority, Revenue (Banner Health)	5.50	1/1/38	1,500,000	1,281,825
Glendale Western Loop 101 Public Facilities Corporation, Third Lien Excise Tax Revenue	7.00	7/1/33	6,010,000	6,260,557
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.50	7/1/26	4,000,000	2,971,640
Arkansas .7%				
Arkansas Development Finance Authority, SFMR (Mortgage Backed Securities Program) (Collateralized: FNMA and GNMA)	6.25	1/1/32	2,380,000	2,428,171
California 5.8%				
California Department of Veteran Affairs, Home Purchase Revenue	5.20	12/1/28	2,950,000	2,815,893
California Educational Facilities Authority, Revenue (University of Southern California)	4.50	10/1/33	6,740,000	5,525,789
California Enterprise Development Authority, Sewage Facilities Revenue (Anheuser-Busch Project)	5.30	9/1/47	1,000,000	689,960
California Health Facilities Financing Authority, Revenue				

(Cedars-Sinai Medical Center)	6.25	12/1/09	3,750,000 [a]	3,982,387

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
California (continued)				
California Statewide Communities Development Authority, Environmental Facilities Revenue (Microgy Holdings Project)	9.00	12/1/38	2,000,000	1,720,340
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.00	6/1/33	2,000,000	1,213,860
Sacramento City Unified School District, GO (Insured; FSA)	0.00	7/1/24	5,220,000 [b]	2,092,802
Silicon Valley Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds (Santa Clara County Tobacco Securitization Corporation)	0.00	6/1/36	15,290,000 [b]	1,016,938
Colorado 3.8%				
Colorado Health Facilities Authority, Revenue (American Baptist Homes of the Midwest Obligated Group)	5.90	8/1/37	2,500,000	1,673,575
Colorado Health Facilities Authority, Revenue (American Housing Foundation I, Inc. Project)	8.50	12/1/31	1,920,000	1,888,685
Colorado Housing Finance Authority, Single Family Program Senior and Subordinate Bonds (Collateralized; FHA)	6.60	8/1/32	1,560,000	1,593,119
Northwest Parkway Public Highway Authority, Revenue	7.13	6/15/11	7,000,000 [a]	7,404,740
Connecticut 4.1%				
Connecticut Development Authority, PCR (Connecticut Light and Power Company Project)	5.95	9/1/28	9,000,000	7,030,170
Connecticut Resources Recovery Authority, Special Obligation Revenue (American REF-FUEL Company of Southeastern Connecticut Project)	6.45	11/15/22	4,985,000	3,851,012

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Connecticut (continued)				
Mohegan Tribe of Indians of Connecticut Gaming Authority, Priority Distribution Payment Public Improvement Revenue	6.25	1/1/31	3,470,000	2,588,273
District of Columbia 1.5%				
District of Columbia Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds	0.00	6/15/46	104,040,000 [b]	2,271,193
Metropolitan Washington Airports Authority, Special Facility Revenue (Caterair International Corporation)	10.13	9/1/11	2,700,000	2,624,346
Florida 5.3%				
Escambia County, EIR (International Paper Company Project)	5.00	8/1/26	1,825,000	1,063,227
Florida Housing Finance Corporation, Housing Revenue (Seminole Ridge Apartments) (Collateralized; GNMA)	6.00	4/1/41	6,415,000	5,567,899
Highlands County Health Facilities Authority, HR (Adventist Health System/Sunbelt Obligated Group)	5.25	11/15/36	2,875,000	2,308,510
Jacksonville Economic Development Commission, Health Care Facilities Revenue (Florida Proton Therapy Institute Project)	6.25	9/1/27	2,095,000 [c]	1,628,087
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/09	70,000 [a]	73,445
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/26	3,675,000	3,385,814
Orange County Health Facilities Authority, Revenue (Adventist Health System)	6.25	11/15/12	3,000,000 [a]	3,397,770

STATEMENT OF INVESTMENTS *(continued)*

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Georgia 1.7%				
Augusta, Airport Revenue	5.45	1/1/31	2,500,000	1,752,050
Georgia Housing and Finance Authority, SFMR	5.60	12/1/32	2,090,000	1,986,649
Savannah Economic Development Authority, EIR (International Paper Company Project)	6.20	8/1/27	2,670,000	1,798,218
Idaho .7%				
Idaho Health Facilities Authority, Revenue (Trinity Health Credit Group)	6.25	12/1/33	2,250,000	2,201,445
Idaho Housing and Finance Association, SFMR (Collateralized; FNMA)	6.35	1/1/30	260,000	245,757
Illinois 6.1%				
Chicago, SFMR (Collateralized: FHLMC, FNMA and GNMA)	6.25	10/1/32	1,430,000	1,459,372
Chicago O Hare International Airport, Special Facility Revenue (American Airlines, Inc. Project)	5.50	12/1/30	4,000,000	1,604,000
Illinois Health Facilities Authority, Revenue (Advocate Health Care Network)	6.13	11/15/10	5,000,000 [a]	5,408,950
Illinois Health Facilities Authority, Revenue (OSF Healthcare System)	6.25	11/15/09	10,900,000 [a]	11,531,982
Indiana 2.0%				
Franklin Township School Building Corporation, First Mortgage Bonds	6.13	7/15/10	6,000,000 [a]	6,536,520
Kentucky .8%				
Louisville/Jefferson County Metro Government, Health Facilities Revenue (Jewish Hospital and Saint Mary s Healthcare, Inc. Project)	6.13	2/1/37	3,000,000	2,558,790

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Louisiana 4.5%				
Lakeshore Villages Master				

Community Development District, Special Assessment Revenue	5.25	7/1/17	1,987,000	1,622,386
Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue (Westlake Chemical Corporation Projects)	6.75	11/1/32	4,000,000	2,961,800
Saint John the Baptist Parish, Revenue (Marathon Oil Corporation Project)	5.13	6/1/37	4,800,000	3,069,744
West Feliciana Parish, PCR (Entergy Gulf States Project)	7.00	11/1/15	3,000,000	2,756,520
West Feliciana Parish, PCR (Entergy Gulf States Project)	6.60	9/1/28	4,700,000	4,229,389
Maryland 3.0%				
Maryland Economic Development Corporation, Senior Student Housing Revenue (University of Maryland, Baltimore Project)	5.75	10/1/33	2,550,000	1,618,205
Maryland Health and Higher Educational Facilities Authority, Revenue (The Johns Hopkins University Issue)	5.25	7/1/38	5,000,000	4,925,850
Maryland Industrial Development Financing Authority, EDR (Medical Waste Associates Limited Partnership Facility)	8.75	11/15/10	3,710,000	3,160,141
Massachusetts 4.6%				
Massachusetts Educational Financing Authority, Education Loan Revenue (Insured; Assured Guaranty)	6.13	1/1/22	8,000,000	7,801,520
Massachusetts Health and Educational Facilities Authority, Revenue (Civic Investments Issue)	9.00	12/15/12	2,000,000 [a]	2,387,140

STATEMENT OF INVESTMENTS *(continued)*

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Massachusetts (continued)				
Massachusetts Health and Educational Facilities Authority, Revenue (Partners HealthCare System Issue)	5.75	7/1/32	115,000	108,148

Massachusetts Housing Finance Agency, SFHR	5.00	12/1/31	6,000,000	4,677,600
Michigan 3.0%				
Kent Hospital Finance Authority, Revenue (Metropolitan Hospital Project)	6.00	7/1/35	4,000,000	3,093,480
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	8,120,000	6,664,084
Minnesota 2.5%				
Saint Paul Housing and Redevelopment Authority, Hospital Facility Revenue (HealthEast Project)	6.00	11/15/35	11,250,000	8,149,838
Mississippi 1.0%				
Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.90	5/1/22	4,260,000	3,394,411
Missouri 1.9%				
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (BJC Health System)	5.25	5/15/32	7,000,000	6,392,820
Nebraska .2%				
Nebraska Investment Finance Authority, SFMR	8.64	3/1/26	700,000 [c,d]	708,414
Nevada 3.1%				
Clark County, IDR (Nevada Power Company Project)	5.60	10/1/30	3,000,000	1,761,990
Washoe County, GO Convention Center Revenue (Reno-Sparks Convention and Visitors Authority) (Insured; FSA)	6.40	1/1/10	8,000,000 [a]	8,404,400

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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
New Hampshire 4.1%				
New Hampshire Business Finance Authority, PCR (Public Service Company of New Hampshire Project) (Insured; MBIA, Inc.)	6.00	5/1/21	2,690,000	2,484,161
New Hampshire Business Finance Authority, PCR (Public Service Company of New Hampshire Project) (Insured; MBIA, Inc.)	6.00	5/1/21	6,000,000	5,540,880
New Hampshire Industrial				

Development Authority, PCR (Connecticut Light and Power Company Project)	5.90	11/1/16	5,400,000	5,321,970
New Jersey 4.5%				
New Jersey Economic Development Authority, Special Facility Revenue (Continental Airlines, Inc. Project)	6.25	9/15/19	4,620,000	2,831,090
Tobacco Settlement Financing Corporation of New Jersey, Tobacco Settlement Asset-Backed Bonds	7.00	6/1/13	10,095,000 [a]	11,928,252
New York 7.6%				
Austin Trust (Port Authority of New York and New Jersey, Consolidated Bonds, 151th Series)	6.00	9/15/28	10,000,000 [c,e]	9,383,150
Metropolitan Transportation Authority, Transportation Revenue	6.25	11/15/23	5,000,000	5,233,850
New York City Industrial Development Agency, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)	8.00	8/1/28	3,000,000	2,161,470
New York City Industrial Development Agency, Special Facility Revenue (American Airlines, Inc. John F. Kennedy International Airport Project)	7.75	8/1/31	5,000,000	3,454,950

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
New York (continued)				
New York State Dormitory Authority, Revenue (Marymount Manhattan College) (Insured; Radian)	6.25	7/1/29	4,000,000	3,755,880
New York State Dormitory Authority, Revenue (Suffolk County Judicial Facility)	9.50	4/15/14	605,000	786,488
North Carolina 1.5%				
North Carolina Eastern Municipal Power Agency, Power				

System Revenue	6.70	1/1/19	2,500,000	2,553,575
North Carolina Housing Finance Agency, Home Ownership Revenue	5.88	7/1/31	2,605,000	2,306,832
Ohio 4.1%				
Cuyahoga County, Hospital Facilities Revenue (UHHS/CSAHS-Cuyahoga, Inc. and CSAHS/UHHS-Canton, Inc. Project)	7.50	1/1/30	3,500,000	3,547,215
Cuyahoga County, Hospital Improvement Revenue (The Metrohealth Systems Project)	6.15	2/15/09	8,115,000 [a]	8,274,054
Port of Greater Cincinnati Development Authority, Tax Increment Development Revenue (Fairfax Village Red Bank Infrastructure Project)	5.63	2/1/36	2,530,000	1,732,519
Oklahoma 1.6%				
Oklahoma Development Finance Authority, Revenue (Saint John Health System)	6.00	2/15/29	2,250,000	2,122,943
Oklahoma Industries Authority, Health System Revenue (Obligated Group) (Insured; MBIA, Inc.)	5.75	8/15/09	2,895,000 [a]	3,018,819
Pennsylvania 2.9%				
Allegheny County Port Authority, Special Transportation Revenue (Insured; MBIA, Inc.)	6.13	3/1/09	4,750,000 [a]	4,859,487

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Pennsylvania (continued)				
Pennsylvania Economic Development Financing Authority, SWDR (USG Corporation Project)	6.00	6/1/31	7,000,000	4,399,150
Pennsylvania Housing Finance Agency, Multi-Family Development Revenue	8.25	12/15/19	221,000	221,290
South Carolina 3.9%				
Greenville Hospital System, Hospital Facilities Revenue (Insured; AMBAC)	5.50	5/1/26	7,000,000	6,621,230
Richland County, EIR (International Paper Company Project)	6.10	4/1/23	8,500,000	6,085,235

Tennessee 4.8%				
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States Health Alliance)	7.50	7/1/12	2,000,000 [a]	2,385,140
Johnson City Health and Educational Facilities Board, Hospital First Mortgage Revenue (Mountain States Health Alliance)	7.50	7/1/12	4,875,000 [a]	5,417,782
Knox County Health, Educational and Housing Facility Board, Revenue (University Health System, Inc.)	5.25	4/1/36	3,650,000	2,443,492
Memphis Center City Revenue Finance Corporation, Sports Facility Revenue (Memphis Redbirds Baseball Foundation Project)	6.50	9/1/28	6,000,000	4,166,940
Tennessee Housing Development Agency, Homeownership Program Revenue	6.00	1/1/28	1,340,000	1,355,102
Texas 31.6%				
Brazos River Authority, PCR (TXU Electric Company Project)	8.25	5/1/33	3,000,000	2,156,370

STATEMENT OF INVESTMENTS *(continued)*

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Texas (continued)				
Brazos River Harbor Navigation District, Revenue (The Dow Chemical Company Project)	5.13	5/15/33	7,300,000	4,903,191
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Facility Improvement Corporation Revenue (Learjet Inc. Project)	6.15	1/1/16	3,000,000	2,488,470
Gregg County Health Facilities Development Corporation, HR (Good Shepherd Medical Center Project) (Insured; Radian)	6.38	10/1/10	2,500,000 [a]	2,729,675

Gulf Coast Industrial Development Authority, Environmental Facilities Revenue (Microgy Holdings Project)	7.00	12/1/36	5,000,000	3,484,450
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System)	6.38	6/1/11	7,000,000 [a]	7,756,560
Harris County Health Facilities Development Corporation, HR (Memorial Hermann Healthcare System)	7.25	12/1/35	9,290,000	9,365,621
Harris County Hospital District, Senior Lien Revenue (Insured; MBIA, Inc.)	5.25	2/15/42	5,000,000	4,121,300
Harris County-Houston Sports Authority, Third Lien Revenue (Insured; MBIA, Inc.)	0.00	11/15/31	9,685,000 [b]	1,697,199
Katy Independent School District, Unlimited Tax School Building Bonds (Permanent School Fund Guarantee Program)	6.13	2/15/09	10,000,000 [a]	10,108,900
Lubbock Housing Financing Corporation, SFMR (Collateralized: FNMA and GNMA)	6.70	10/1/30	900,000	912,051

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Texas (continued)				
North Texas Tollway Authority, First Tier System Revenue	5.75	1/1/40	14,705,000	12,436,313
North Texas Tollway Authority, Second Tier System Revenue	5.75	1/1/38	6,650,000	5,551,154
Sabine River Authority, PCR (TXU Electric Company Project)	6.45	6/1/21	4,900,000	3,155,453
Texas (Veterans Land)	6.00	12/1/30	3,935,000	3,658,684
Texas, GO (Veterans Housing Assistance Program) (Collateralized; FHA)	6.10	6/1/31	8,510,000	8,119,987
Texas Department of Housing and Community Affairs, Home Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	2.85	7/2/24	1,000,000 [d]	870,720

Texas Department of Housing and Community Affairs, Residential Mortgage Revenue (Collateralized: FHLMC, FNMA and GNMA)	5.35	7/1/33	5,110,000	4,168,023
Texas Turnpike Authority, Central Texas Turnpike System Revenue (Insured; AMBAC)	5.25	8/15/42	5,375,000	4,528,814
Tomball Hospital Authority, Revenue (Tomball Regional Hospital)	6.00	7/1/25	4,650,000	3,949,013
Tyler Health Facilities Development Corporation, HR, Refunding and Improvement Bonds (East Texas Medical Center Regional Healthcare System Project)	5.25	11/1/32	6,915,000	4,572,544
Willacy County Local Government Corporation, Project Revenue	6.88	9/1/28	4,000,000	3,217,880

STATEMENT OF INVESTMENTS *(continued)*

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Virginia 4.8%				
Henrico County Industrial Development Authority, Revenue (Bon Secours Health System) (Insured; FSA)	8.84	8/23/27	7,450,000 [d]	7,443,742
Virginia Housing Development Authority, Rental Housing Revenue	6.20	8/1/24	8,520,000	8,302,825
Washington 5.0%				
Washington Health Care Facilities Authority, Mortgage Revenue (Highline Medical Center) (Collateralized; FHA)	6.25	8/1/36	6,000,000	5,841,600
Washington Higher Educational Facilities Authority, Revenue (Whitman College)	5.88	10/1/09	10,000,000 [a]	10,397,500
Wisconsin 8.1%				
Badger Tobacco Asset Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	6.13	6/1/27	8,360,000	7,942,585
Badger Tobacco Asset				

Securitization Corporation,				
Tobacco Settlement				
Asset-Backed Bonds	7.00	6/1/28	14,570,000	14,341,834
Wisconsin Health and Educational				
Facilities Authority, Revenue				
(Aurora Health Care, Inc.)	6.40	4/15/33	5,500,000	4,691,940
Total Long-Term Municipal Investments				
(cost $563,973,642)				**489,764,641**

Short-Term Municipal Investments 6.1%	Coupon Rate (%)	Maturity Date	Principal Amount ($)	Value ($)
Colorado 1.7%				
Denver City and County,				
Airport System Revenue,				
Refunding (Insured; MBIA, Inc.				
and Liquidity Facility; Bank One)	8.00	12/7/08	5,500,000 [f]	5,500,000
Florida 2.9%				
Florida Municipal Power Agency,				
Revenue, Refunding				
(All-Requirements Power Supply				
Project) (LOC; Bank of America)	0.90	12/1/08	9,300,000 [f]	9,300,000
New York 1.5%				
Monroe County,				
RAN	6.50	4/15/09	5,000,000	5,037,950
Total Short-Term Municipal Investments				
(cost $19,800,000)				**19,837,950**

Total Investments (cost $583,773,642)	**155.4%**	**509,602,591**
Cash and Receivables (Net)	**1.3%**	**4,276,264**
Preferred Stock, at redemption value	**(56.7%)**	**(186,000,000)**
Net Assets Applicable to Common Shareholders	**100.0%**	**327,878,855**

a These securities are prefunded; the date shown represents the prefunded date. Bonds which are prefunded 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.

b Security issued with a zero coupon. Income is recognized through the accretion of discount.

c Securities exempt from registration under Rule 144A of the Securities Act of 1933.These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.At November 30, 2008, these securities amounted to $11,719,651 or 3.6% of net assets applicable to Common Shareholders.

d Inverse floater security the interest rate is subject to change periodically.

e Collateral for floating rate borrowings.

f Variable rate demand note rate shown is the interest rate in effect at November 30, 2008. Maturity date represents the next demand date, or the ultimate maturity date if earlier.

g At November 30, 2008, the fund had $94,317,506 or 28.8% of net assets applicable to Common Shareholders invested in securities whose payment of principal and interest is dependent upon revenues generated from health care projects.

STATEMENT OF INVESTMENTS *(continued)*

Summary of Abbreviations

ABAG	Association of Bay Area Governments	**ACA**	American Capital Access
AGC	ACE Guaranty Corporation	**AGIC**	Asset Guaranty Insurance Company
AMBAC	American Municipal Bond Assurance Corporation	**ARRN**	Adjustable Rate Receipt Notes
BAN	Bond Anticipation Notes	**BIGI**	Bond Investors Guaranty Insurance
BPA	Bond Purchase Agreement	**CGIC**	Capital Guaranty Insurance Company
CIC	Continental Insurance Company	**CIFG**	CDC Ixis Financial Guaranty
CMAC	Capital Market Assurance Corporation	**COP**	Certificate of Participation
CP	Commercial Paper	**EDR**	Economic Development Revenue
EIR	Environmental Improvement Revenue	**FGIC**	Financial Guaranty Insurance Company
FHA	Federal Housing Administration	**FHLB**	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation	**FNMA**	Federal National Mortgage Association
FSA	Financial Security Assurance	**GAN**	Grant Anticipation Notes
GIC	Guaranteed Investment Contract	**GNMA**	Government National Mortgage Association
GO	General Obligation	**HR**	Hospital Revenue
IDB	Industrial Development Board	**IDC**	Industrial Development Corporation
IDR	Industrial Development Revenue	**LOC**	Letter of Credit
LOR	Limited Obligation Revenue	**LR**	Lease Revenue
MFHR	Multi-Family Housing Revenue	**MFMR**	Multi-Family Mortgage Revenue
PCR	Pollution Control Revenue	**PILOT**	Payment in Lieu of Taxes
RAC	Revenue Anticipation Certificates	**RAN**	Revenue Anticipation Notes
RAW	Revenue Anticipation Warrants	**RRR**	Resources Recovery Revenue
SAAN	State Aid Anticipation Notes	**SBPA**	Standby Bond Purchase Agreement
SFHR	Single Family Housing Revenue	**SFMR**	Single Family Mortgage Revenue
SONYMA	State of New York Mortgage Agency	**SWDR**	Solid Waste Disposal Revenue
TAN	Tax Anticipation Notes	**TAW**	Tax Anticipation Warrants
TRAN	Tax and Revenue Anticipation Notes	**XLCA**	XL Capital Assurance

Summary of Combined Ratings (Unaudited)

Fitch	or	Moody s	or	Standard & Poor s	Value (%)
AAA		Aaa		AAA	22.8
AA		Aa		AA	16.9
A		A		A	23.4
BBB		Baa		BBB	19.1

BB	Ba	BB	3.6
B	B	B	3.9
CCC	Caa	CCC	.3
F1	MIG1/P1	SP1/A1	2.1
Not Rated[h]	Not Rated[h]	Not Rated[h]	7.9
			100.0

Based on total investments.

h Securities which, while not rated by Fitch, Moody s and Standard & Poor s, have been determined by the Manager 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, 2008

	Cost	Value
Assets ($):		
Investments in securities See Statement of Investments	583,773,642	509,602,591
Interest receivable		9,893,932
Prepaid expenses		23,717
		519,520,240
Liabilities ($):		
Due to The Dreyfus Corporation and affiliates Note 3 (a)		284,460
Cash overdraft due to Custodian		132,434
Payable for floating rate notes issued Note 4		5,000,000
Interest and expense payable related to floating rate notes issued Note 4		36,744
Dividends payable to Preferred Shareholders		24,524
Commissions payable		8,890
Accrued expenses and other liabilities		154,333
		5,641,385
Auction Preferred Stock, Series A, B and C, par value $.001 per share (7,440 shares issued and outstanding at $25,000 per share liquidation value) Note 1		186,000,000
Net Assets applicable to Common Shareholders ($)		**327,878,855**
Composition of Net Assets ($):		
Common Stock, par value, $.001 per share (48,495,729 shares issued and outstanding)		48,496
Paid-in capital		436,239,202
Accumulated undistributed investment income net		867,628

Accumulated net realized gain (loss) on investments	(35,105,420)
Accumulated net unrealized appreciation	
(depreciation) on investments	(74,171,051)
Net Assets applicable to Common Shareholders ($)	**327,878,855**
Common Shares Outstanding	
(110 million shares of $.001 par value Common Stock authorized)	48,495,729
Net Asset Value, per share of Common Stock ($)	**6.76**

See notes to financial statements.

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STATEMENT OF OPERATIONS

Year Ended November 30, 2008

Investment Income ($):	
Interest Income	**35,849,974**
Expenses:	
Investment advisory fee Note 3(a)	2,880,829
Administration fee Note 3(a)	1,440,415
Commission fees Note 1	492,589
Interest and expense related to floating rate notes issued Note 4	459,169
Professional fees	104,496
Shareholders reports	59,536
Directors fees and expenses Note 3(b)	52,441
Registration fees	41,641
Shareholder servicing costs	23,688
Custodian fees Note 3(a)	13,663
Interest expense Note 2	717
Miscellaneous	67,697
Total Expenses	**5,636,881**
Less reduction in investment	
advisory fee due to undertaking Note 3(a)	(576,166)
Less reduction in fees due	
to earnings credits Note 1(b)	(3,867)
Net Expenses	**5,056,848**
Investment Income Net	**30,793,126**
Realized and Unrealized Gain (Loss) on Investments Note 4 ($):	
Net realized gain (loss) on investments	(8,063,407)
Net realized gain (loss) on options transactions	119,594
Net realized gain (loss) on financial futures	326,743
Net Realized Gain (Loss)	**(7,617,070)**
Net unrealized appreciation (depreciation) on investments	(83,043,081)
Net Realized and Unrealized Gain (Loss) on Investments	**(90,660,151)**
Dividends to Preferred Shareholders	**(6,735,329)**

Net (Decrease) in Net Assets Resulting from Operations	**(66,602,354)**

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

	Year Ended November 30,	
	2008	2007
Operations ($):		
Investment income net	30,793,126	30,270,973
Net realized gain (loss) on investments	(7,617,070)	(1,701,613)
Net unrealized appreciation (depreciation) on investments	(83,043,081)	(26,819,891)
Dividends to Preferred Shareholders	(6,735,329)	(6,818,806)
Net Increase (Decrease) in Net Assets Resulting from Operations	**(66,602,354)**	**(5,069,337)**
Dividends to Common Shareholders from ($):		
Investment income net	**(22,696,002)**	**(24,269,212)**
Capital Stock Transactions ($):		
Dividends reinvested Note 1(c)		1,916,979
Total Increase (Decrease) in Net Assets	**(89,298,356)**	**(27,421,570)**
Net Assets ($):		
Beginning of Period	417,177,211	444,598,781
End of Period	**327,878,855**	**417,177,211**
Undistributed (distributions in excess of) investment income net	867,628	(410,667)
Capital Share Transactions (Common Shares):		
Increase in Common Shares Outstanding as a Result of Dividends Reinvested		**210,887**

See notes to financial statements.

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 dis-tributions.These figures have been derived from the fund s financial statements, with respect to common stock and market price data for the fund s common shares.

	Year Ended November 30,				
	2008	2007	2006	2005	2004
Per Share Data ($):					
Net asset value, beginning of period	8.60	9.21	8.88	8.79	8.90
Investment Operations:					
Investment income net[a]	.63	.62	.64	.63	.61
Net realized and unrealized gain (loss) on investments	(1.86)	(.59)	.34	.13	(.06)
Dividends to Preferred Shareholders from investment income net	(.14)	(.14)	(.13)	(.08)	(.05)
Total from Investment Operations	(1.37)	(.11)	.85	.68	.50
Distributions to Common Shareholders:					
Dividends from investment income net	(.47)	(.50)	(.52)	(.59)	(.61)
Net asset value, end of period	6.76	8.60	9.21	8.88	8.79
Market value, end of period	5.53	7.77	9.29	8.16	8.41
Total Return (%)[b]	(24.12)	(1.17)	9.94	3.78	2.48
Ratios/Supplemental Data (%):					
Ratio of total expenses to average net assets applicable to Common Stock[c]	1.44	1.43	1.38	1.26	1.26
Ratio of net expenses to average net assets applicable to Common Stock[c]	1.30	1.28	1.24	1.12	1.25
Ratio of net investment income to average net assets applicable to Common Stock[c]	7.89	7.01	7.16	6.98	6.96
Ratio of total expenses to total average net assets	.98	1.00	.97	.88	.88
Ratio of net expenses to total average net assets	.88	.90	.87	.78	.86
Ratio of net investment income to total average net assets	5.34	4.90	5.01	4.88	4.84
Portfolio Turnover Rate	53.01	55.89	57.12	44.20	39.94
Asset coverage of Preferred Stock, end of period	276	324	339	330	328
Net Assets, net of Preferred Stock, end of period ($ x 1,000)	327,879	417,177	444,599	428,466	423,556
Preferred Stock outstanding, end of period ($ x 1,000)	186,000	186,000	186,000	186,000	186,000

a *Based on average common shares outstanding at each month end.*

b *Calculated based on market value.*

c *Does not reflect the effect of dividends to Preferred Stock shareholders.*

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 (the Manager or Dreyfus), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon), serves as the fund s investment adviser. 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 s Common Stock trades on the New York Stock Exchange under the ticker symbol DSM.

Effective July 1, 2008, BNY Mellon has reorganized and consolidated a number of its banking and trust company subsidiaries. As a result of the reorganization, any services previously provided to the fund by Mellon Bank, N.A. or Mellon Trust of New England, N.A. are now provided by The Bank of New York, which has changed its name to The Bank of New York Mellon.

The fund has outstanding 2,480 shares 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. Deutsche Bank Trust Company Americas, 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.The fund has designated Robin A. Melvin and John E. Zuccotti as directors to be elected by the holders of APS.

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

The fund enters into contracts that contain a variety of indemnifications. The fund s maximum exposure under these arrangements is unknown.The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: Investments in municipal debt securities are valued on the last business day of each week and month by an independent pricing service (the Service) approved by the Board of Directors. Investments for which quoted bid prices are readily available and are representative of the bid side of the market in the judgment of the Service are valued at the mean between the quoted bid prices (as obtained by the Service from dealers in such securities) and asked prices (as calculated by the Service based upon its evaluation of the market for such securities). Other investments (which constitute a majority of the portfolio securities) are carried at fair value as determined by the Service, based on methods which include consideration of: yields or prices of 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.

The fund adopted Statement of Financial Accounting Standards No. 157 FairValue Measurements (FAS 157). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements.

Various inputs are used in determining the value of the fund s investments relating to FAS 157.These inputs are summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical securities.
Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
Level 3 significant unobservable inputs (including the fund s own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of November 30, 2008 in valuing the fund s investments carried at fair value:

Valuation Inputs	Investments in Securities ($)	Other Financial Instruments ($)
Level 1 Quoted Prices	0	0
Level 2 Other Significant Observable Inputs	509,602,591	0
Level 3 Significant Unobservable Inputs	0	0
Total	**509,602,591**	**0**

Other financial instruments include derivative instruments, such as futures, forward currency exchange contracts and swap contracts, which are valued at the unrealized appreciation (depreciation) on the instrument.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Interest income, adjusted for accretion of discount and amortization of premium 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.

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The fund has an arrangement with the custodian bank whereby the fund receives earnings credits from the custodian when positive cash balances are maintained, which are used to offset custody fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

(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 gains, if any, are normally declared and paid annually, but the fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code of 1986, as amended (the Code).To the extent that net realized capital gains can be offset by capital loss carryovers, it is the policy of the fund not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles.

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 and cash purchase plan.

On November 26, 2008, the Board of Directors declared a cash dividend of $.0385 per share from investment income-net, payable on December 31, 2008 to Common Shareholders of record as of the close of business on December 12, 2008.

(d) Dividends to Shareholders of APS: Dividends, which are cumulative, are generally reset every 7 days for each Series of APS pursuant to a process specified in related fund charter documents. Dividend rates as of November 30, 2008 for each Series of APS were as follows: Series A 1.61%, Series B 1.60% and Series C 1.57% .These rates reflect the maximum rates under the governing instruments as a result of failed auctions in which sufficient clearing bids are not received.

(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 Code 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 adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the fund s tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Liability for tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year.The adoption of FIN 48 had no impact on the operations of the fund for the period ended November 30, 2008.

As of and during the period ended November 30, 2008, the fund did not have any liabilities for any unrecognized tax positions. The fund recognizes interest and penalties, if any, related to unrecognized tax positions as income tax expense in the Statement of Operations. During the period, the fund did not incur any interest or penalties.

Each of the tax years in the four-year period ended November 30, 2008 remains subject to examination by the Internal Revenue Service and state taxing authorities.

At November 30, 2008, the components of accumulated earnings on a tax basis were as follows: undistributed tax-exempt income $1,210,368, accumulated capital losses $33,078,109 and unrealized depreciation $74,046,569. In addition, the fund had $2,151,793 of capital losses realized after October 31, 2008 which were deferred for tax purposes to the first day of the following fiscal year.

The accumulated capital loss carryover is available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to November 30, 2008. If not applied, $442,201 of the carryover expires in fiscal 2009, $9,253,314 expires in fiscal 2010, $5,474,907 expires in fiscal 2011, $10,957,023 expires in fiscal 2012, $1,427,978 expires in fiscal 2015 and $5,522,686 expires in fiscal 2016.

The tax character of distributions paid to shareholders during the fiscal periods ended November 30, 2008 and November 30, 2007 were as follows: tax exempt income $29,424,853 and $31,046,354 and ordinary income $6,478 and $41,664, respectively.

During the period ended November 30, 2008, as a result of permanent book to tax differences, primarily due to the tax treatment for amortization adjustments and capital loss carryover expiration, the fund decreased accumulated undistributed investment income-net by $83,500, increased net realized gain (loss) on investments by $2,356,822 and decreased paid-in capital by $2,273,322. Net assets and net asset value per share were not affected by this reclassification.

NOTE 2 Bank Lines of Credit:

Prior to May 1, 2008, the fund participated with other Dreyfus managed funds in a $100 million unsecured line of credit. Effective May 1, 2008, the fund participates with other Dreyfus-managed funds in a $300 million unsecured line of credit primarily to be utilized for temporary or emergency purposes, including the financing of redemptions.The terms of the line of credit agreement limit the amount of individual fund borrowings. Interest is charged to the fund based on prevailing market rates in effect at the time of borrowing. Effective October 15, 2008, the $300 million unsecured line of credit was terminated.

The average daily amount of borrowings outstanding under the lines of credit during the period ended November 30, 2008, was approximately $28,900, with a related weighted average annualized interest rate of 2.48% .

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 the value of the fund s average weekly net assets (including net assets representing auction preferred stock outstanding). 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 the value of the fund s average weekly net assets (including net assets representing auction preferred stock outstanding); out-of pocket transfer agency and custody expenses, including custody transaction expenses, are paid separately by the fund.

Dreyfus has agreed through October 31, 2009, to waive receipt of a portion of the fund s investment advisory fee, in the amount of .10% of the value of the fund s average weekly net assets (including net assets representing auction preferred stock outstanding). The reduction in investment advisory fee, pursuant to the undertaking, amounted to $576,166 during the period ended November 30, 2008.

The fund compensates The Bank of NewYork Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, under a custody agreement for providing custodial services for the fund. During the period ended November 30, 2008, the fund was charged $13,663 for out of pocket and custody transaction expenses, pursuant to the custody agreement.

During the period ended November 30, 2008, the fund was charged $6,086 for services performed by the Chief Compliance Officer.

The components of Due to The Dreyfus Corporation and affiliates in the Statement of Assets and Liabilities consist of: investment advisory fees $319,962, custodian fees $4,694 and chief compliance officer fees $2,466, which are offset against an expense reimbursement currently in effect in the amount of $42,662.

(b) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

NOTE 4 Securities Transactions:

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, options transactions and financial futures during the period ended November 30, 2008, amounted to $304,898,554 and $317,895,821, respectively.

The fund may invest in financial futures contracts in order to gain exposure to or protect against changes in the market.The fund is exposed to market risk as a result of changes in the value of the underlying financial instruments. Investments in financial futures require the fund to mark to market on a daily basis, which reflects the change in the market value of the contract at the close of each day s trading.Accordingly, variation margin payments are received or made to reflect daily unrealized gains or losses.When the contracts are closed, the fund recognizes a realized gain or loss.These investments require initial margin deposits with a broker, which consist of cash or cash equivalents.The amount of these deposits is determined by the exchange or Board of Trade on which the contract is traded and is subject to change.At November 30, 2008, there were no open financial futures contracts outstanding.

The fund may participate in secondary inverse floater structures in which fixed-rate, tax-exempt municipal bonds purchased by the fund are transferred to a trust. The trust subsequently issues two or more variable rate securities that are collateralized by the cash flows of the fixed-rate, tax-exempt municipal bonds. One or more of these variable rate securities pays interest based on a short-term floating rate set by a remarketing agent at predetermined intervals. A residual interest tax-exempt security is also created by the trust, which is transferred to the fund, and is paid interest based on the remaining cash flow of the trust, after payment of interest on the other securities and various expenses of the trust.

NOTES TO FINANCIAL STATEMENTS *(continued)*

The fund accounts for the transfer of bonds to the trusts as secured borrowings, with the securities transferred remaining in the fund s investments, and the related floating rate certificate securities reflected as fund liabilities under the caption, Payable for floating rate notes issued in the Statement of Assets and Liabilities.

The average daily amount of borrowings outstanding under the inverse floater structure during the period ended November 30, 2008, was approximately $15,583,300, with a related weighted average annualized interest rate of 2.95% .

At November 30, 2008, the cost of investments for federal income tax purposes was $578,649,160; accordingly, accumulated net unrealized depreciation on investments was $74,046,569, consisting of $9,784,816 gross unrealized appreciation and $83,831,385, gross unrealized depreciation.

In March 2008, the FASB released Statement of Financial Accounting Standards No. 161 Disclosures about Derivative Instruments and Hedging Activities (FAS 161). FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements.The application of FAS 161 is required for fiscal years and interim periods beginning after November 15, 2008. At this time, management is evaluating the implications of FAS 161 and its impact on the financial statements and the accompanying notes has not yet been determined.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 2008, 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of November 30, 2008 by correspondence with the custodian and others. 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, 2008, 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 U.S. generally accepted accounting principles.

New York, New York
January 26, 2009

ADDITIONAL INFORMATION (U n a u d i t e d)

Dividend Reinvestment and Cash Purchase Plan

Under the fund s Dividend Reinvestment and Cash Purchase Plan (the Plan), a holder of 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 nominee name through his broker/dealer (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 in additional shares of the fund if such service is provided by the broker/dealer; otherwise such dividends and distributions will be treated like any other cash dividend.

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.

Level Distribution Policy

The fund s dividend policy is to distribute substantially all of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more consistent yield to the current trading price of shares of Common Stock of the fund, the fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the fund for any particular month may be more or less than the amount of net investment income earned by the fund during such month.The fund s current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets and Liabilities, which comprises part of the Financial Information included in this report.

Benefits and Risks of Leveraging

The fund utilizes leverage to seek to enhance the yield and net asset value of its Common Stock.These objectives cannot be achieved in all interest rate environments.To leverage, the fund issues Preferred Stock, which pays dividends at prevailing short-term interest rates, and invests the proceeds in long-term municipal bonds. The interest earned on these investments is paid to Common Shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share net asset value of the fund s Common Stock.

Supplemental Information

For the period ended November 30, 2008, there were: (i) no material changes in the fund s investment objectives or policies, (ii) no changes in the fund s charter or by-laws that would delay or prevent a change of control of the fund, (iii) no material changes in the principal risk factors associated with investment in the fund, and (iv) no changes in the person primarily responsible for the day-to-day management of the fund s portfolio.

Certifications

The fund s chief executive officer has certified to the NYSE, pursuant to the requirements of Section 303A.12(a) of the NYSE Listed Company Manual, that, as of August 17, 2008, he was not aware of any violation by the fund of applicable NYSE corporate governance listing standards.The fund s reports to the SEC on Form N-CSR contain certifications by the fund s chief executive officer and chief financial officer as required by Rule 30a-2(a) under the 1940 Act, including certifications regarding the quality of the fund s disclosures in such reports and certifications regarding the fund s disclosure controls and procedures and internal control over financial reporting.

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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, 2008 as exempt-interest dividends (not generally subject to regular federal income tax) except $6,478 that is being designated as an ordinary income distribution for reporting purposes. As required by federal tax law rules, shareholders will receive notification of their portion of the fund s taxable ordinary dividends (if any) and capital gains distributions (if any) paid for the 2008 calendar year on Form 1099-DIV and their portion of the fund s exempt-interest dividends paid for the 2008 calendar year on Form 1099-INT, both of which will be mailed by January 31, 2009.

PROXY RESULTS (Unaudited)

Holders of Common Stock and holders of Auction Preferred Stock (APS) voted together as a single class on a proposal presented at the annual shareholders meeting held on May 21, 2008 as follows:

	Shares		
	For		Authority Withheld
To elect four Class III Directors:			
David W. Burke	40,108,932		1,270,453
Hans C. Mautner	40,188,329		1,191,056
Burton N. Wallack	40,230,444		1,148,941
John E. Zuccotti	5,865		606

The terms of these Class III Directors expire in 2011.

Elected solely by APS holders, Common Shareholders are not entitled to vote.

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INFORMATION ABOUT THE REVIEW AND APPROVAL OF THE FUND S INVESTMENT ADVISORY AGREEMENT (Unaudited)

At a Meeting of the fund s Board of Directors held on November 10-11, 2008, the Board considered the re-approval for an annual period of the fund s Investment Advisory Agreement, pursuant to which the Manager provides the fund with investment advisory services, and the fund s separate Administration Agreement, pursuant to which the Manager provides the fund with administrative services.The Board members, none of whom are interested persons (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of the Manager.

Analysis of Nature, Extent, and Quality of Services Provided to the Fund.The Board members considered information previously provided to them in a presentation from representatives of the Manager regarding services provided to the fund and other funds in the Dreyfus complex, and representatives of the Manager confirmed that there had been no material changes in the information.The Board also discussed the nature, extent, and quality of the services provided to the fund pursuant to the fund s Investment Advisory Agreement and Administration Agreement.The Manager s representatives noted the fund s closed-end structure, the relationships the Manager has with various intermediaries, the different needs of each intermediary, and the Manager s corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to fund shareholders.The Board noted the fund s asset size and considered that a closed-end fund is not subject to the inflows and outflows of assets as an open-end fund would be that would increase or decrease its asset size.

The Board members also considered the Manager s research and portfolio management capabilities and that the Manager also provides oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board members also considered the Manager s extensive administrative, accounting, and compliance infrastructure.

Comparative Analysis of the Fund s Investment Advisory Fee and Administration Fee and Expense Ratio and Performance. The Board members reviewed reports prepared by Lipper, Inc., an independent provider of investment company data, which included information comparing the fund s total investment advisory fee and administration fee and expense ratio with a group of comparable leveraged funds (the Expense Group) and with a broader group of funds (the Expense Universe) that were selected by Lipper. Included in the fund s reports were comparisons of contractual and actual management fee rates and total operating expenses.

The Board members also reviewed the reports prepared by Lipper that presented the fund s performance on a net asset value and market price basis, as well as comparisons of total return performance for various periods ended August 31, 2008 and yield performance for one-year periods ended August 31st for the fund to the same group of funds as the Expense Group (the Performance Group) and to a group of funds that was broader than the Expense Universe (the Performance Universe) that also were selected by Lipper.The Manager previously had furnished the Board with a description of the methodology Lipper used to select the fund s Expense Group and Expense Universe, and Performance Group and Performance Universe.The Manager also provided a comparison of the fund s total returns at net asset value to the fund s Lipper category average returns for the past 10 calendar years.

The Board reviewed the results of the Expense Group and Expense Universe comparisons for various periods ended August 31, 2008.The Board reviewed the range of management fees and expense ratios of the funds in the Expense Group and Expense Universe, and noted that the fund s total contractual investment advisory fee and administration fee (based on net assets attributable to common shares solely) was higher than the Expense Group median and that the fund s actual total contractual investment advisory fee and administrative fee was higher than the Expense Group and Expense Universe medians. The Board also

noted that the fund s total expense ratio (based on net assets solely attributable to common stock after leverage) was lower than the Expense Group and Expense Universe medians.The Board noted the undertaking in effect by the Manager over the past year to waive receipt of .10% of the fund s investment advisory fee and the Manager s commitment to continue such undertaking through October 31, 2009.

With respect to the fund s total return performance on a net asset value basis, the Board noted that the fund s total returns were higher than the Performance Group median for four of the six reported time period up to 10 years (lower in the other two periods), and further noted that the fund s total returns were higher than the Performance Universe median for three of the six reported time period up to 10 years (lower in the other three periods).With respect to the fund s total return performance on a market price basis, the Board noted that the fund achieved total return results variously at, higher than, and lower than, the Performance Group and Performance Universe medians for each reported time period up to 10 years.The Board further noted that the fund s total return (at net asset value) was higher than the fund s Lipper category average return for 6 of the past 10 calendar years.The Board also received a presentation from the Manager which described the significant difference in municipal bond total return performance results for periods ended August 31, 2008 and September 30,2008,and the Manager provided the Board with information indicating the fund s improved total return ranking for the 1-year period ended September 30, 2008.

On a yield performance basis, the Board noted that the fund s 1-year yields for the past 10 annual periods ranked in the first or second quartile (the first quartile being the highest performance ranking group) in the Performance Group and Performance Universe (with the exception of two calendar years in which the fund s yield ranked in the third quartile in the Performance Universe) for each reported annual period.

The Board received a presentation from the fund s primary portfolio manager regarding the main factors that contributed to the fund s total return performance over the past year, which included discussion of the

municipal bond market s historically high volatility and how the fund performed in that environment.The Board noted the manager s investment decision-making process and strategy over the past year, as well as the manager s long-term track record in managing municipal bond funds generally. The Board also noted the fund s consistently strong yield performance results.

Representatives of the Manager reviewed with the Board members the fees paid to the Manager or its affiliates by investment companies managed by the Manager or its affiliates that were reported in the same Lipper category as the fund (the Similar Funds). It was noted that each Similar Fund also was a closed-end fund, for which similar services to be provided by the Manager are required.The Board members analyzed differences in fees paid to the Manager and discussed the relationship of the management fees in light of the services provided. The Board members considered the relevance of the fee information provided for the Similar Funds to evaluate the appropriateness and reasonableness of the fund s management fee. The Manager s representatives noted that there were no similarly managed institutional separate accounts or wrap fee accounts managed by the Manager or its affiliates with similar investment objectives, policies, and strategies as the fund.

Analysis of Profitability and Economies of Scale. The Manager s representatives reviewed the dollar amount of expenses allocated and profit received by the Manager for the fund and the method used to determine such expenses and profit.The Board considered information, previously provided and discussed, prepared by an independent consulting firm regarding the Manager s approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus mutual fund complex. The Board also had been informed that the methodology had also been reviewed by an independent registered public accounting firm which, like the consultant, found the methodology to be reasonable. The consulting firm also analyzed where any economies of scale might emerge in connection with the management of a fund. The Board members evaluated the profitability analysis in

light of the relevant circumstances for the fund, including the extent to which economies of scale would be realized if the fund grows, and whether fee levels reflect these economies of scale for the benefit of fund shareholders.The Board members also considered potential benefits to the Manager from acting as investment adviser to the fund and noted that there were no soft dollar arrangements in effect with respect to trading the fund s portfolio.

It was noted that the Board members should consider the Manager s profitability with respect to the fund as part of their evaluation of whether the fees under the Investment Advisory and Administration Agreements bear a reasonable relationship to the mix of services provided by the Manager, including the nature, extent, and quality of such services and that a discussion of economies of scale is predicated on increasing assets and that, if a fund s assets had been decreasing, the possibility that the Manager may have realized any economies of scale would be less. It was noted that the profitability percentage for managing the fund was within the range determined by appropriate court cases to be reasonable given the services rendered and the fund s overall performance and generally superior service levels provided. The Board also noted the Manager s waiver of receipt of a portion of the investment advisory fee over the past year and its effect on the profitability of the Manager.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to continuation of the fund s Investment Advisory Agreement and Administration Agreement. Based on the discussions and considerations as described above, the Board reached the following conclusions and determinations.

- The Board concluded that the nature, extent, and quality of the ser- vices provided by the Manager are adequate and appropriate.

- The Board was satisfied with the fund s performance, noting the fund s yield and longer-term total return track records, and the manager s overall experience and expertise in managing municipal bond funds.

- The Board concluded that the total investment advisory fee and administration fee paid to the Manager by the fund was reasonable in light of the services provided, comparative performance and expense and management fee information, including the Manager s undertaking to waive receipt of 0.10% of the fund s investment advisory fee through October 31, 2009, costs of the services provided and profits to be realized and benefits derived or to be derived by the Manager from its relationship with the fund.
- The Board determined that the economies of scale which may accrue to the Manager and its affiliates in connection with the management of the fund had been adequately considered by the Manager in con- nection with the management fee rate charged to the fund, and that, to the extent in the future it were to be determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

The Board members considered these conclusions and determinations, along with the information received on a routine and regular basis throughout the year, and, without any one factor being dispositive, the Board determined that re-approval of the fund s Investment Advisory Agreement and Administration Agreement was in the best interests of the fund and its shareholders.

OFFICERS OF THE FUND (Unaudited)

J. DAVID OFFICER, President since December 2006.

Chief Operating Officer,Vice Chairman and a Director of the Manager, and an officer of 77 investment companies (comprised of 180 portfolios) managed by the Manager. He is 60 years old and has been an employee of the Manager since April 1998.

PHILLIP N. MAISANO, Executive Vice President since July 2007.

Chief Investment Officer,Vice Chair and a director of the Manager, and an officer of 77 investment companies (comprised of 180 portfolios) managed by the Manager. Mr. Maisano also is an officer and/or Board member of certain other investment management subsidiaries of The Bank of New York Mellon Corporation, each of which is an affiliate of the Manager. He is 61 years old and has been an employee of the Manager since November 2006. Prior to joining the Manager, Mr. Maisano served as Chairman and Chief Executive Officer of EACM Advisors, an affiliate of the Manager, since August 2004, and served as Chief Executive Officer of Evaluation Associates, a leading institutional investment consulting firm, from 1988 until 2004.

A. PAUL DISDIER, Executive Vice President since March 2000.

Executive Vice President of the Fund, Director of the Manager s Municipal Securities Group, and an officer of 2 other investment companies (comprised of 2 portfolios) managed by the Manager. He is 52 years old and has been an employee of the Manager since February 1988.

MICHAEL A. ROSENBERG, Vice President and Secretary since August 2005.

Assistant General Counsel of BNY Mellon, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 48 years old and has been an employee of the Manager since October 1991.

JAMES BITETTO, Vice President and Assistant Secretary since August 2005.

Senior Counsel of BNY Mellon and Secretary of the Manager, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 42 years old and has been an employee of the Manager since December 1996.

JONI LACKS CHARATAN, Vice President and Assistant Secretary since August 2005.

Senior Counsel of BNY Mellon, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. She is 53 years old and has been an employee of the Manager since October 1988.

JOSEPH M. CHIOFFI, Vice President and Assistant Secretary since August 2005.

Senior Counsel of BNY Mellon, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 47 years old and has been an employee of the Manager since June 2000.

JANETTE E. FARRAGHER, Vice President and Assistant Secretary since August 2005.

Assistant General Counsel of BNY Mellon, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. She is 46 years old and has been an employee of the Manager since February 1984.

JOHN B. HAMMALIAN, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 45 years old and has been an employee of the Manager since February 1991.

ROBERT R. MULLERY, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 56 years old and has been an employee of the Manager since May 1986.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Managing Counsel of BNY Mellon, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 43 years old and has been an employee of the Manager since October 1990.

JAMES WINDELS, Treasurer since November 2001.

Director Mutual Fund Accounting of the Manager, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since April 1985.

RICHARD CASSARO, Assistant Treasurer since January 2008.

Senior Accounting Manager Money Market and Municipal Bond Funds of the Manager, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since September 1982.

GAVIN C. REILLY, Assistant Treasurer since December 2005.

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 40 years old and has been an employee of the Manager since April 1991.

ROBERT ROBOL, Assistant Treasurer since August 2005.

Senior Accounting Manager Fixed Income Funds of the Manager, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 44 years old and has been an employee of the Manager since October 1988.

ROBERT SALVIOLO, Assistant Treasurer since May 2007.

Senior Accounting Manager Equity Funds of the Manager, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 41 years old and has been an employee of the Manager since June 1989.

ROBERT SVAGNA, Assistant Treasurer since August 2005.

Senior Accounting Manager Equity Funds of the Manager, and an officer of 78 investment companies (comprised of 201 portfolios) managed by the Manager. He is 41 years old and has been an employee of the Manager since November 1990.

JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.

Chief Compliance Officer of the Manager and The Dreyfus Family of Funds (78 investment companies, comprised of 201 portfolios). From November 2001 through March 2004, Mr. Connolly was first Vice-President, Mutual Fund Servicing for Mellon Global Securities Services. In that capacity, Mr. Connolly was responsible for managing Mellon s Custody, Fund Accounting and Fund Administration services to third-party mutual fund clients. He is 51 years old and has served in various capacities with the Manager since 1980, including manager of the firm s Fund Accounting Department from 1997 through October 2001.

NOTES

OFFICERS AND DIRECTORS
Dreyfus Strategic Municipal Bond Fund, Inc.

200 Park Avenue
New York, NY 10166

The NetAssetValue 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; NewYorkTimes,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.

For More Information

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC s website at http://www.sec.gov and may be reviewed and copied at the SEC s Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling

1-800-SEC-0330.

Information regarding how the fund voted proxies relating to portfolio securities for the 12-month period ended June 30, 2008, is available on the SEC s website at http://www.sec.gov and without charge, upon request, by calling 1-800-645-6561.

Item 2. Code of Ethics.

The Registrant has adopted a code of ethics that applies to the Registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There have been no amendments to, or waivers in connection with, the Code of Ethics during the period covered by this Report.

Item 3. Audit Committee Financial Expert.

The Registrant's Board has determined that Joseph S. DiMartino, a member of the Audit Committee of the Board, is an audit committee financial expert as defined by the Securities and Exchange Commission (the "SEC"). Joseph S. DiMartino is "independent" as defined by the SEC for purposes of audit committee financial expert determinations.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees. The aggregate fees billed for each of the last two fiscal years (the "Reporting Periods") for professional services rendered by the Registrant's principal accountant (the "Auditor") for the audit of the Registrant's annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were $36,008 in 2007 and $37,088 in 2008.

(b) Audit-Related Fees. The aggregate fees billed in the Reporting Periods for assurance and related services by the Auditor that are reasonably related to the performance of the audit of the Registrant's financial statements and are not reported under paragraph (a) of this Item 4 were $42,410 in 2007 and $29,474 in 2008.

The aggregate fees billed in the Reporting Periods for non-audit assurance and related services by the Auditor to the Registrant's investment adviser (not including any sub-investment adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the Registrant ("Service Affiliates"), that were reasonably related to the performance of the annual audit of the Service Affiliate, which required pre-approval by the Audit Committee were $0 in 2007 and $0 in 2008.

Note: *For the second paragraph in each of (b) through (d) of this Item 4, certain of such services were not pre-approved prior to May 6, 2003, when such services were required to be pre-approved. On and after May 6, 2003, 100% of all services provided by the Auditor were pre-approved as required. For comparative purposes, the fees shown assume that all such services were pre-approved, including services that were not pre-approved prior to the compliance date of the pre-approval requirement.*

(c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance, tax advice and tax planning ("Tax Services") were $2,541 in 2007 and $3,273 in 2008. These services consisted of (i) review or preparation of U.S. federal, state, local and excise tax returns; (ii) U.S. federal, state and local tax planning, advice and assistance regarding statutory, regulatory or administrative developments, (iii) tax advice regarding tax qualification matters and/or treatment of various financial instruments held or proposed to be acquired or held.

The aggregate fees billed in the Reporting Periods for Tax Services by the Auditor to Service Affiliates which required pre-approval by the Audit Committee were $0 in 2007 and $0 in 2008.

(d) All Other Fees. The aggregate fees billed in the Reporting Periods for products and services provided by the Auditor, other than the services reported in paragraphs (a) through (c) of this Item, were $0 in 2007 and $226 in 2008. These services consisted of (i) a review of the Registrant s anti-money laundering program and (ii) agreed upon procedures in evaluating compliance by the fund with provisions of the Fund s articles supplementary, creating the series of action rate preferred stock.

The aggregate fees billed in the Reporting Periods for Non-Audit Services by the Auditor to Service Affiliates, other than the services reported in paragraphs (b) through (c) of this Item, which required pre-approval by the Audit Committee were $0 in 2007 and $0 in 2008.

Audit Committee Pre-Approval Policies and Procedures. The Registrant's Audit Committee has established policies and procedures (the "Policy") for pre-approval (within specified fee limits) of the Auditor's engagements for non-audit services to the Registrant and Service Affiliates without specific case-by-case consideration. Pre-approval considerations include whether the proposed services are compatible with maintaining the Auditor's independence. Pre-approvals pursuant to the Policy are considered annually.

Non-Audit Fees. The aggregate non-audit fees billed by the Auditor for services rendered to the Registrant, and rendered to Service Affiliates, for the Reporting Periods were $1,890,737 in 2007 and $ 9,452,992 in 2008.

Auditor Independence. The Registrant's Audit Committee has considered whether the provision of non-audit services that were rendered to Service Affiliates which were not pre-approved (not requiring pre-approval) is compatible with maintaining the Auditor's independence.

It Item 5. **Audit Committee of Listed Registrants.**

The Registrant has a separately-designated standing Audit Committee established in accordance with Section 3(a) (58) (A) of the Securities Exchange Act of 1934, consisting of the following members: Richard C. Leone, Joseph S. DiMartino, David W. Burke, Hodding Carter III, Gordon J. Davis, Joni Evans, Arnold S. Hiatt, Ehud Houminer, Hans C. Mautner, Robin A. Melvin, Burton N. Wallack, and John E. Zuccotti.

Item 6. **Schedule of Investments.**

Not applicable.

Item 7. **Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

Not applicable.

Item 8. **Portfolio Managers of Closed-End Management Investment Companies.**

(a) (1) The following information is as of January 30, 2009, the date of the filing of this report:

James S. Welch has been the primary portfolio manager of the Registrant since November 2001 and has been employed by The Dreyfus Corporation (Dreyfus) since October 2001.

(a) (2) The following information is as of the Registrant s most recently completed fiscal year, except where otherwise noted:

Portfolio Managers. The Manager manages the Fund's portfolio of investments in accordance with the stated policies of the Fund, subject to the approval of the Fund's Board. The Manager is responsible for investment decisions and provides the Fund with portfolio managers who are authorized by the Fund's Board to execute purchases and sales of securities. The Fund's portfolio managers are James S. Welch, Joseph P. Darcy, A. Paul Disdier, Douglas J. Gaylor, Joseph A. Irace, Colleen A. Meehan, W. Michael Petty, Bill Vasiliou, and James Welch. The Manager also maintains a research department with a professional staff of portfolio managers and securities analysts who provide research services for the Fund and for other funds advised by the Manager.

Portfolio Manager Compensation. Portfolio manager compensation is comprised primarily of a market-based salary and an incentive compensation plan. The Fund s portfolio managers are compensated by Dreyfus or its affiliates and not by the Fund. The incentive compensation plan is comprised of three components: Fund performance (approximately 60%), individual qualitative performance (approximately 20%) and Dreyfus financial performance as measured by Dreyfus pre-tax net income (approximately 20%). Up to 10% of the incentive plan compensation may be paid in Mellon restricted stock.

Portfolio performance is measured by a combination of yield (35%) and total return (65%) relative to the appropriate Lipper peer group. 1-year performance in each category is weighted at 40% and 3-year performance at 60%. The portfolio manager s performance is measured on either a straight average (each account weighted equally) or a combination of straight average and asset-weighted average. Generally, if the asset-weighted average is higher, then that is used to measure performance. If the straight average is higher, then typically an average of the two is used to measure performance.

Individual qualitative performance is based on Dreyfus Chief Investment Officer s evaluation of the portfolio manager s performance based on any combination of the following: marketing contributions; new product development; performance on special assignments; people development; methodology enhancements; fund growth/gain in market; and support to colleagues. The Chief Investment Officer may consider additional factors at his discretion.

Portfolio managers are also eligible for Dreyfus Long Term Incentive Plan. Under that plan, cash and/or Mellon restricted stock is awarded at the discretion of the Chief Investment Officer based on individual performance and contributions to the Investment Management Department and the Mellon organization.

Additional Information About Portfolio Managers. The following table lists the number and types of other accounts advised by the Fund s primary portfolio manager and assets under management in those accounts as of the end of the Fund s fiscal year:

Portfolio Manager	Registered Investment Company Accounts	Assets Managed	Pooled Accounts	Assets Managed	Other Accounts	Assets Managed
James S. Welch	6	$3.8 billion	0	0	0	0

None of the funds or accounts are subject to a performance-based advisory fee.

The dollar range of Fund shares beneficially owned by the primary portfolio manager are as follows as of the end of the Fund s fiscal year:

Portfolio Manager	Registrant Name	Dollar Range of Registrant Shares Beneficially Owned
James S. Welch	Dreyfus Strategic Municipal Bond Fund, Inc.	None

Portfolio managers may manage multiple accounts for a diverse client base, including mutual funds, separate accounts (assets managed on behalf of institutions such as pension funds, insurance companies and foundations), bank common trust accounts and wrap fee programs (Other Accounts).

Potential conflicts of interest may arise because of Dreyfus management of the Fund and Other Accounts. For example, conflicts of interest may arise with both the aggregation and allocation of securities transactions and allocation of limited investment opportunities, as Dreyfus may be perceived as causing accounts it manages to participate in an offering to increase Dreyfus overall allocation of securities in that offering, or to increase Dreyfus ability to participate in future offerings by the same underwriter or issuer. Allocations of bunched trades, particularly trade orders that were only partially filled due to limited availability and allocation of investment opportunities generally, could raise a potential conflict of interest, as Dreyfus may have an incentive to allocate securities that are expected to increase in value to preferred accounts. Initial public offerings, in particular, are frequently of very limited availability. Additionally, portfolio managers may be perceived to have a conflict of interest if there are a large number of Other Accounts, in addition to the Fund, that they are managing on behalf of Dreyfus. Dreyfus periodically reviews each portfolio manager s overall responsibilities to ensure that he or she is able to allocate the necessary time and resources to effectively manage the Fund. In addition, Dreyfus could be viewed as having a conflict of interest to the extent that Dreyfus or its affiliates and/or portfolio managers have a materially larger investment in Other Accounts than their investment in the Fund.

Other Accounts may have investment objectives, strategies and risks that differ from those of the Fund. For these or other reasons, the portfolio manager may purchase different securities for the Fund and the Other Accounts, and the performance of securities purchased for the Fund may vary from the performance of securities purchased for Other Accounts. The portfolio manager may place transactions on behalf of Other Accounts that are directly or indirectly contrary to investment decisions made for the Fund, which could have the potential to adversely impact the Fund, depending on market conditions.

A potential conflict of interest may be perceived to arise if transactions in one account closely follow related transactions in another account, such as when a purchase increases the value of securities previously purchased by the other account, or when a sale in one account lowers the sale price received in a sale by a second account.

Dreyfus goal is to provide high quality investment services to all of its clients, while meeting Dreyfus fiduciary obligation to treat all clients fairly. Dreyfus has adopted and implemented policies and procedures, including brokerage and trade allocation policies and procedures that it believes address the conflicts associated with managing multiple accounts for multiple clients. In addition, Dreyfus monitors a variety of areas, including compliance with Fund guidelines, the allocation of IPOs, and compliance with the firm s Code of Ethics. Furthermore, senior investment and business personnel at Dreyfus periodically review the performance of the portfolio managers for Dreyfus-managed funds.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Companies and Affiliated Purchasers.

None

Item 10. Submission of Matters to a Vote of Security Holders.

The Registrant has a Nominating Committee (the "Committee"), which is responsible for selecting and nominating persons for election or appointment by the Registrant's Board as Board members. The Committee has adopted a Nominating Committee Charter (the "Charter"). Pursuant to the Charter, the Committee will consider recommendations for nominees from shareholders submitted to the Secretary of the Registrant, c/o The Dreyfus Corporation Legal Department, 200 Park Avenue, 8th Floor East, New York, New York 10166. A nomination submission must include information regarding the recommended nominee as specified in the Charter. This information includes all information relating to a recommended nominee that is required to be disclosed in solicitations or proxy statements for the election of Board members, as well as information sufficient to evaluate the factors to be considered by the Committee, including character and integrity, business and professional experience, and whether the person has the ability to apply sound and independent business judgment and would act in the interests of the Registrant and its shareholders. Nomination submissions are required to be accompanied by a written consent of the individual to stand for election if nominated by the Board and to serve if elected by the shareholders, and such additional information must be provided regarding the recommended nominee as reasonably requested by the Committee.

Item 11. Controls and Procedures.

(a) The Registrant's principal executive and principal financial officers have concluded, based on their evaluation of the Registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the Registrant's disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-CSR is recorded, processed, summarized and reported within the required time periods and that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-CSR is accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes to the Registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Code of ethics referred to in Item 2.

(a)(2) Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Investment Company Act of 1940.

(a)(3) Not applicable.

(b) Certification of principal executive and principal financial officers as required by Rule 30a-2(b) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dreyfus Strategic Municipal Bond Fund, Inc.

By:	/s/ J. David Officer
	J. David Officer President
Date:	January 26, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By:	/s/ J. David Officer
	J. David Officer President
Date:	January 26, 2009
By:	/s/ James Windels
	James Windels Treasurer
Date:	January 26, 2009

EXHIBIT INDEX

(a)(1) Code of ethics referred to in Item 2.

(a)(2) Certifications of principal executive and principal financial officers as required by Rule 30a-2(a) under the Investment Company Act of 1940. (EX-99.CERT)

(b) Certification of principal executive and principal financial officers as required by Rule 30a-2(b) under the Investment Company Act of 1940. (EX-99.906CERT)
