

DREYFUS MUNICIPAL INCOME INC  
Form N-Q  
August 15, 2007  
**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY

Investment Company Act file number 811-05652

DREYFUS MUNICIPAL INCOME, 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: 9/30  
Date of reporting period: 6/30/07

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**FORM N-Q**

**Item 1. Schedule of Investments.**

**STATEMENT OF INVESTMENTS**

**Dreyfus Municipal Income, Inc.**  
**June 30, 2007 (Unaudited)**

<b>Long-Term Municipal Investments--158.4%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
<b>Alabama--6.5%</b> Jefferson County,				

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Sewer Revenue Capital Improvement Warrants (Insured; FGIC)	5.75	2/1/09	7,500,000 a	7,789,275
The Board of Trustees of the University of Alabama, HR (University of Alabama at Birmingham) (Insured; MBIA)	5.88	9/1/10	4,620,000 a	4,926,814
<b>Alaska--3.6%</b>				
Alaska Housing Finance Corporation, General Mortgage Revenue (Insured; MBIA)	6.05	6/1/39	6,845,000	6,979,504
<b>Arkansas--1.6%</b>				
Independence County, PCR (Entergy Arkansas, Inc. Project)	5.00	1/1/21	3,000,000	3,050,730
<b>California--15.9%</b>				
ABAG Financial Authority for Nonprofit Corporations, Insured Revenue, COP (Odd Fellows Home of California)	6.00	8/15/24	5,000,000	5,058,350
California Department of Veteran Affairs, Home Purchase Revenue	5.20	12/1/28	2,950,000	2,951,209
California Educational Facilities Authority, Revenue (Mills College)	5.00	9/1/34	2,000,000	2,034,760
California Health Facilities Financing Authority, Revenue (Sutter Health)	6.25	8/15/35	2,500,000	2,683,875
California Housing Finance Agency, Home Mortgage Revenue	4.80	8/1/36	2,500,000	2,421,800
California Statewide Communities Development Authority, COP (Catholic Healthcare West)	6.50	7/1/10	3,545,000 a	3,838,207
California Statewide Communities Development Authority, COP (Catholic Healthcare West)	6.50	7/1/20	1,455,000	1,571,473
Chabot-Las Positas Community College District, GO (Insured; AMBAC)	0.00	8/1/32	6,000,000	1,700,160
Del Mar Race Track Authority, Revenue	5.00	8/15/25	2,500,000	2,523,125
Golden State Tobacco Securitization Corporation,				
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Tobacco Settlement Asset-Backed Bonds	7.80	6/1/13	3,000,000 a	3,587,160
Golden State Tobacco				

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Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	2,500,000	2,614,300
<b>Colorado--10.3%</b>				
Colorado Springs, HR	6.38	12/15/10	2,835,000 a	3,073,849
Colorado Springs, HR	6.38	12/15/30	2,890,000	3,085,162
Denver City and County, Special Facilities Airport Revenue (United Airlines Project)	6.88	10/1/32	2,480,000	2,483,472
University of Northern Colorado Board of Trustees, Auxiliary Facilities System Revenue (Insured; FSA)	5.00	6/1/35	11,000,000 b,c	11,351,670
<b>District of Columbia--1.4%</b>				
District of Columbia, Revenue (Catholic University America Project) (Insured; AMBAC)	5.63	10/1/09	1,605,000 a	1,679,360
District of Columbia, Revenue (Catholic University America Project) (Insured; AMBAC)	5.63	10/1/29	475,000	494,755
District of Columbia Housing Finance Agency, SFMR (Collateralized: FHA, FNMA, GNMA and GIC; Trinity Funding)	7.45	12/1/30	505,000	513,024
<b>Florida--1.4%</b>				
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/09	30,000 a	31,597
Orange County Health Facilities Authority, HR (Orlando Regional Healthcare System)	6.00	10/1/26	1,470,000	1,528,197
South Lake County Hospital District, Revenue (South Lake Hospital, Inc.)	5.80	10/1/34	1,095,000	1,129,744
<b>Georgia--.6%</b>				
Milledgeville and Baldwin County Development Authority, Revenue (Georgia College and State University Foundation Property III, LLC Student Housing System Project)	5.25	9/1/14	1,000,000 a	1,076,640
<b>Illinois--10.4%</b>				
Chicago				

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(Insured; FGIC)	6.13	7/1/10	3,685,000 a	3,945,530
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Chicago				
(Insured; FGIC)	6.13	7/1/10	315,000 a	337,271
Illinois Development Finance Authority, Revenue (Community Rehabilitation Providers Facilities Acquisition Program)	8.75	3/1/10	55,000	55,221
Illinois Health Facilities Authority, Revenue (Advocate Health Care Network)	6.13	11/15/10	5,800,000 a	6,192,138
Illinois Health Facilities Authority, Revenue (OSF Healthcare System)	6.25	11/15/09	7,000,000 a	7,436,030
Illinois Health Facilities Authority, Revenue (Swedish American Hospital)	6.88	5/15/10	2,000,000 a	2,155,640
<b>Indiana--2.1%</b>				
Anderson, EDR and Improvement Bonds (Anderson University Project)	5.00	10/1/32	1,450,000	1,422,363
Franklin Township School Building Corporation, First Mortgage Bonds	6.13	7/15/10	2,500,000 a	2,700,750
<b>Iowa--.6%</b>				
Coralville, Annual Appropriation Urban Renewal Tax Increment Revenue	5.00	6/1/47	1,275,000	1,240,371
<b>Kansas--1.3%</b>				
Unified Government of Wyandotte County/Kansas City, Tax-Exempt Sales Tax Special Tax Obligation Revenue (Redevelopment Project Area B)	5.00	12/1/20	2,500,000	2,555,950
<b>Maryland--4.9%</b>				
Maryland Economic Development Corporation, Student Housing Revenue (University of Maryland, College Park Project)	5.63	6/1/13	2,000,000 a	2,174,740
Maryland Health and Higher Educational Facilities Authority, Revenue (The Johns Hopkins University Issue)	6.00	7/1/09	7,000,000 a	7,360,290
<b>Massachusetts--9.2%</b>				
Massachusetts Bay Transportation Authority, Assessment Revenue	5.00	7/1/14	5,000,000 a	5,304,400
Massachusetts Development Finance				

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Agency, SWDR (Dominion Energy Brayton Point Issue)	5.00	2/1/36	2,000,000	2,002,800
Massachusetts Health and Educational Facilities Authority, Healthcare System Revenue (Covenant Health Systems Obligated Group Issue)	6.00	7/1/31	2,500,000	2,667,100
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Massachusetts Housing Finance Agency, SFHR	5.00	12/1/31	2,500,000	2,494,650
Massachusetts Industrial Finance Agency, Water Treatment Revenue (Massachusetts-American Hingham Project)	6.95	12/1/35	5,235,000	5,304,154
<b>Michigan--3.6%</b> Hancock Hospital Finance Authority, Mortgage Revenue (Portgage Health) (Insured; MBIA)	5.45	8/1/08	2,200,000 a	2,236,454
Michigan Strategic Fund, SWDR (Genesee Power Station Project)	7.50	1/1/21	4,685,000	4,684,532
<b>Minnesota--1.4%</b> Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/10	2,420,000 a	2,623,740
Minnesota Agricultural and Economic Development Board, Health Care System Revenue (Fairview Health Care Systems)	6.38	11/15/29	80,000	85,245
<b>Mississippi--3.1%</b> Mississippi Business Finance Corporation, PCR (System Energy Resources, Inc. Project)	5.88	4/1/22	6,000,000	6,058,800
<b>Missouri--4.1%</b> Missouri Development Finance Board, Infrastructure Facilities Revenue (Branson Landing Project)	5.00	6/1/35	2,500,000	2,525,975
Missouri Health and Educational Facilities Authority, Health Facilities Revenue (BJC Health System)	5.25	5/15/32	2,500,000	2,574,300
Missouri Health and Educational Facilities Authority, Health				

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Facilities Revenue (Saint Anthony's Medical Center)	6.25	12/1/10	2,500,000 a	2,700,400
Missouri Housing Development Commission, SFMR (Homeownership Loan Program) (Collateralized: FNMA and GNMA)	6.30	9/1/25	160,000	161,494
<b>Nevada--2.2%</b>				
Clark County, IDR (Southwest Gas Corporation Project) (Insured; AMBAC)	6.10	12/1/38	4,000,000	4,245,960
<b>New Jersey--.9%</b>				
New Jersey Economic Development Authority, Cigarette Tax				
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Revenue	5.50	6/15/31	1,610,000	1,683,545
<b>New Mexico--2.4%</b>				
Farmington, PCR (Public Service Company of New Mexico San Juan Project)	6.30	12/1/16	3,000,000	3,064,410
New Mexico Mortgage Finance Authority, Single Family Mortgage Program (Collateralized: FHLMC and GNMA)	6.85	9/1/31	1,610,000	1,632,089
<b>New York--2.3%</b>				
Long Island Power Authority, Electric System General Revenue	5.00	9/1/27	1,500,000	1,537,095
New York State Dormitory Authority, Catholic Health Services of Long Island Obligated Group Revenue (Saint Francis Hospital Project)	5.00	7/1/27	2,930,000	2,946,320
<b>North Carolina--3.1%</b>				
Gaston County Industrial Facilities and Pollution Control Financing Authority, Exempt Facilities Revenue (National Gypsum Company Project)	5.75	8/1/35	1,500,000	1,567,260
North Carolina Eastern Municipal Power Agency, Power System Revenue	5.13	1/1/26	3,000,000	3,075,840
North Carolina Housing Finance Agency, Home Ownership Revenue	6.25	1/1/29	1,415,000	1,442,536
<b>Ohio--5.0%</b>				
Cuyahoga County, Hospital Improvement Revenue				

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(The Metrohealth System Project)	6.13	2/15/09	5,000,000 a	5,222,900
Ohio Housing Finance Agency, Residential Mortgage Revenue (Collateralized; GNMA)	5.75	9/1/30	65,000	65,436
Rickenbacker Port Authority, Capital Funding Revenue (OASBO Expanded Asset Pooled)	5.38	1/1/32	4,090,000	4,326,198
<b>Oklahoma--1.3%</b>				
Oklahoma Development Finance Authority, Revenue (Saint John Health System)	6.00	2/15/29	2,500,000	2,591,100
<b>Pennsylvania--7.9%</b>				
Delaware County Industrial Development Authority, Water Facilities Revenue (Aqua Pennsylvania, Inc. Project) (Insured; FGIC)	5.00	11/1/38	3,375,000	3,434,636
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Financing Authority, RRR (Northampton Generating Project)	6.60	1/1/19	3,500,000	3,534,930
Sayre Health Care Facilities Authority, Revenue (Guthrie Health)	5.88	12/1/11	5,995,000 a	6,490,247
Sayre Health Care Facilities Authority, Revenue (Guthrie Health)	5.88	12/1/31	1,755,000	1,861,142
<b>Rhode Island--1.2%</b>				
Rhode Island Housing and Mortgage Finance Corporation, Homeownership Opportunity Revenue	4.70	10/1/32	2,405,000	2,292,374
<b>South Carolina--11.0%</b>				
Lancaster Educational Assistance Program, Inc., Installment Purchase Revenue (The School District of Lancaster County, South Carolina, Project)	5.00	12/1/26	5,000,000	5,049,200
Medical University of South Carolina, Hospital Facilities Revenue	6.00	7/1/09	2,500,000 a	2,624,200
Piedmont Municipal Power Agency, Electric Revenue	5.25	1/1/21	3,500,000	3,549,140
Securing Assets for Education, Installment Purchase Revenue				

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(Berkeley County School District Project)	5.13	12/1/30	2,500,000	2,589,675
Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/28	2,900,000	3,106,654
Tobacco Settlement Revenue Management Authority of South Carolina, Tobacco Settlement Asset-Backed Bonds	6.38	5/15/30	3,750,000	4,341,900
<b>Texas--11.8%</b>				
Brazos River Harbor Navigation District, Revenue (The Dow Chemical Company Project)	4.95	5/15/33	2,000,000	1,984,320
Cities of Dallas and Fort Worth, Dallas/Fort Worth International Airport, Joint Revenue Improvement (Insured; FSA)	5.00	11/1/35	2,500,000	2,510,225
Gregg County Health Facilities Development Corporation, HR (Good Shepherd Medical Center Project) (Insured; Radian)	6.38	10/1/10	2,500,000 a	2,703,325
Harris County Health Facilities Development Corporation, HR				
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(Memorial Hermann Healthcare System)	6.38	6/1/11	3,565,000 a	3,896,509
Port of Corpus Christi Authority of Nueces County, Revenue (Union Pacific Corporation Project)	5.65	12/1/22	4,500,000	4,662,225
Texas (Veterans Housing Assistance Program) (Collateralized; FHA)	6.10	6/1/31	7,000,000	7,260,190
<b>Utah--.1%</b>				
Utah Housing Finance Agency, SFMR (Collateralized; FHA)	6.00	1/1/31	185,000	188,006
<b>Vermont--1.1%</b>				
Vermont Educational and Health Buildings Financing Agency, Revenue (Saint Michael's College Project)	6.00	10/1/28	1,500,000	1,632,870
Vermont Housing Finance Agency, SFHR (Insured; FSA)	6.40	11/1/30	460,000	464,683
<b>Washington--2.7%</b>				
Washington Higher Educational				



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Facilities Authority, Revenue (Whitman College)	5.88	10/1/09	5,000,000 a	5,216,950
<b>West Virginia--3.9%</b>				
Braxton County, SWDR (Weyerhaeuser Company Project)	5.80	6/1/27	7,450,000	7,602,203
<b>Wisconsin--5.1%</b>				
Badger Tobacco Asset Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	7.00	6/1/28	2,500,000	2,786,500
Wisconsin Health and Educational Facilities Authority, Revenue (Aurora Health Care, Inc.)	5.60	2/15/29	4,975,000	5,088,729
Wisconsin Health and Educational Facilities Authority, Revenue (Marshfield Clinic)	5.38	2/15/34	2,000,000	2,061,820
<b>Wyoming--.8%</b>				
Sweetwater County, SWDR (FMC Corporation Project)	5.60	12/1/35	1,500,000	1,575,375
<b>U.S. Related--13.6%</b>				
Puerto Rico Highways and Transportation Authority, Transportation Revenue (Insured; MBIA)	5.00	7/1/38	8,000,000 b,c	8,176,400
Puerto Rico Highways and Transportation Authority, Transportation Revenue (Insured; MBIA)	5.00	7/1/38	10,000,000 b,c	10,220,500
Puerto Rico Infrastructure Financing Authority, Special				

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Tax Revenue (Insured; AMBAC)	5.00	7/1/15	8,000,000 b,c	8,131,160
<b>Total Long-Term Municipal Investments</b> (cost \$293,865,875)				<b>307,615,327</b>

<b>Short-Term Municipal Investments--.8%</b>	<b>Coupon Rate (%)</b>	<b>Maturity Date</b>	<b>Principal Amount (\$)</b>	<b>Value (\$)</b>
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<b>Connecticut--.1%</b>				
Connecticut Health and Educational Facilities Authority, Revenue (Quinnipiac University Issue) (Insured; Radian and Liquidity Facility; JPMorgan Chase Bank)	3.88	7/1/07	100,000 d	100,000

<b>Florida--.4%</b>				
Jacksonville, PCR, Refunding (Florida Power				

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and Light Company Project)	3.92	7/1/07	100,000 d	100,000
Lee Memorial Health System Board of Directors, HR (Lee Memorial Health System) (Liquidity Facility; SunTrust Bank)	3.95	7/1/07	600,000 d	600,000
<b>Utah--.3%</b> Carbon County, PCR, Refunding (Pacifcorp Projects) (Insured; AMBAC and Liquidity Facility; The Bank of New York)	3.90	7/1/07	700,000 d	700,000
<b>Total Short-Term Municipal Investments</b> (cost \$1,500,000)				<b>1,500,000</b>
<b>Total Investments</b> (cost \$295,365,875)			<b>159.2%</b>	<b>309,115,327</b>
<b>Liabilities, Less Cash and Receivables</b>			<b>(7.7%)</b>	<b>(14,973,578)</b>
<b>Preferred Stock, at redemption value</b>			<b>(51.5%)</b>	<b>(100,000,000)</b>
<b>Net Assets Applicable to Common Shareholders</b>			<b>100.0%</b>	<b>194,141,749</b>

- a These securities are prerefunded; the date shown represents the prerefunded date. Bonds which are prerefunded are collateralized by U.S. Government securities which are held in escrow and are used to pay principal and interest on the municipal issue and to retire the bonds in full at the earliest refunding date.
- b 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 June 30, 2007, these securities amounted to \$37,879,730 or 19.5% of net assets applicable to Common Shareholders.
- c Collateral for floating rate borrowings.
- d Securities payable on demand. Variable interest rate--subject to periodic change.

Securities valuation policies and other investment related disclosures are hereby incorporated by reference to the annual and semi-annual reports previously filed with the Securities and Exchange Commission on Form N-CSR.

Summary of Abbreviations

<b>ACA</b>	American Capital Access	<b>AGC</b>	ACE Guaranty Corporation
<b>AGIC</b>	Asset Guaranty Insurance Company	<b>AMBAC</b>	American Municipal Bond Assurance Corporation
<b>ARRN</b>	Adjustable Rate Receipt Notes	<b>BAN</b>	Bond Anticipation Notes
<b>BIGI</b>	Bond Investors Guaranty Insurance	<b>BPA</b>	Bond Purchase Agreement
<b>CGIC</b>	Capital Guaranty Insurance Company	<b>CIC</b>	Continental Insurance Company
<b>CIFG</b>	CDC Ixis Financial Guaranty	<b>CMAC</b>	Capital Market Assurance Corporation
<b>COP</b>	Certificate of Participation	<b>CP</b>	Commercial Paper
<b>EDR</b>	Economic Development Revenue	<b>EIR</b>	Environmental Improvement Revenue
<b>FGIC</b>	Financial Guaranty Insurance Company	<b>FHA</b>	Federal Housing Administration
<b>FHLB</b>	Federal Home Loan Bank	<b>FHLMC</b>	Federal Home Loan Mortgage Corporation
<b>FNMA</b>	Federal National Mortgage Association	<b>FSA</b>	Financial Security Assurance
<b>GAN</b>	Grant Anticipation Notes	<b>GIC</b>	Guaranteed Investment Contract
<b>GNMA</b>	Government National Mortgage Association	<b>GO</b>	General Obligation

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<b>HR</b>	Hospital Revenue	<b>IDB</b>	Industrial Development Board
<b>IDC</b>	Industrial Development Corporation	<b>IDR</b>	Industrial Development Revenue
<b>LOC</b>	Letter of Credit	<b>LOR</b>	Limited Obligation Revenue
<b>LR</b>	Lease Revenue	<b>MBIA</b>	Municipal Bond Investors Assurance Insurance Corporation
<b>MFHR</b>	Multi-Family Housing Revenue	<b>MFMR</b>	Multi-Family Mortgage Revenue
<b>PCR</b>	Pollution Control Revenue	<b>PILOT</b>	Payment in Lieu of Taxes
<b>RAC</b>	Revenue Anticipation Certificates	<b>RAN</b>	Revenue Anticipation Notes
<b>RAW</b>	Revenue Anticipation Warrants	<b>RRR</b>	Resources Recovery Revenue
<b>SAAN</b>	State Aid Anticipation Notes	<b>SBPA</b>	Standby Bond Purchase Agreement
<b>SFHR</b>	Single Family Housing Revenue	<b>SFMR</b>	Single Family Mortgage Revenue
<b>SONYMA</b>	State of New York Mortgage Agency	<b>SWDR</b>	Solid Waste Disposal Revenue
<b>TAN</b>	Tax Anticipation Notes	<b>TAW</b>	Tax Anticipation Warrants
<b>TRAN</b>	Tax and Revenue Anticipation Notes	<b>XLCA</b>	XL Capital Assurance

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### Item 2. 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-Q 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-Q 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 Registrant's most recently ended fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

### Item 3. Exhibits.

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

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### 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 MUNICIPAL INCOME, INC.

By: /s/ J. David Officer  
J. David Officer  
President

Date: August 13, 2007

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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: August 13, 2007

By: /s/ James Windels  
James Windels  
Treasurer

Date: August 13, 2007

**EXHIBIT INDEX**

(a) 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)

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