As of February 21, 2013

IMPORTANT INFORMATION REGARDING DREYFUS MUNICIPAL INCOME, INC. RELATING TO ITS AUCTION RATE PREFERRED SHARES

Dreyfus Municipal Income, Inc. (DMF) is organized as a closed-end fund and is subject to the requirements of the Securities and Exchange Commission Regulation FD, which prohibits the selective disclosure of material non-public information to (1) market professionals, and (2) shareholders where it is reasonably foreseeable that the shareholder will purchase or sell the Fund's securities on the basis of the information.

In keeping with Regulation FD, absolutely no information beyond what is currently posted on this public website can be discussed or provided. The Fund complies with the requirements of Regulation FD and, as such, cannot disclose information unless it is made available to the public at large or is otherwise provided in accordance with the provisions of Regulation FD. Individual investors seeking additional information about the Fund's auction rate preferred stock (ARPS) holdings are encouraged to speak with their financial advisor.

Can you tell me about any recent action by the Board of Dreyfus Municipal Income, Inc. with respect to its ARPS?

In the press release dated February 21, 2013, the Board of Directors of the Fund announced that it has authorized the Fund to redeem up to an additional 25% of its original amount of outstanding ARPS, subject to market, regulatory and other conditions and factors. It is currently anticipated that, upon redemption, the leverage provided by the ARPS would be replaced through the creation of tender option bonds (TOBs).

The timing and amount for such redemptions and refinancing of the ARPS could occur within approximately a 12-month period, but will be determined by the availability of acceptable terms on the TOBs, market, regulatory and other factors, and Fund management is not certain when, if at all, such amount will be redeemed or refinanced. The February 21, 2013 press release contains important additional information regarding the announcement and can be accessed at http://www.dreyfus.com/ars.

Who should I contact about my ARPS holdings in Dreyfus Municipal Income, Inc.?

You should contact your financial advisor for information about your ARPS holdings in the Fund and any developments with respect to those holdings. For your convenience, we note that Dreyfus Municipal Income, Inc. has two series of ARPS: Series A (CUSIP number: 26201R201) and Series B (CUSIP number: 26201R300).

Shares of Dreyfus Municipal Income, Inc.'s ARPS are held in “street name” by CEDE & Co., the nominee for The Depository Trust Company (DTC), which is the record holder for the ARPS; accordingly, Dreyfus does not have account or portfolio holding information with respect to any particular beneficial owner or investor in the Fund's ARPS.
Will there be an announcement before any redemption of ARPS is made by the Fund

Yes, the Fund would issue a notice containing specific details regarding any specific ARPS redemption, which would include a press release that also would be placed on the Dreyfus website, and a notice that would be published in The Wall Street Journal. Specific details would include the ARPS series, CUSIP number, redemption date, and number of ARPS shares and aggregate dollar amount to be redeemed. As with your account and ARPS holdings in that instance, you should contact your financial advisor with respect to how any redemption would be processed by your financial advisor. Allocation procedures among different advisors may vary and neither the Fund nor Dreyfus has any control over the allocation process of DTC or financial advisors.

How do TOB programs work?

Any refinancing for redeemed ARPS would be provided through the creation by the Fund of TOBs. In creating a TOB, the Fund would transfer an eligible bond from its portfolio to a special purpose trust that would issue two classes of securities: floating rate certificates, which would pay an interest rate that generally would be reset weekly, and residual interest bonds, which would pay an interest rate based on the difference between the interest rate earned on the underlying bonds and the interest rate paid on the floating rate certificates, after TOB program expenses. The Fund would hold the residual interest bonds and use the proceeds from the sale of the floating rate certificates to redeem a portion of its ARPS.

Does Dreyfus have experience with TOB programs?

Yes, from time to time, Dreyfus has used TOB programs in the Funds and other Dreyfus funds. In November 2009, the Fund’s Board authorized an initial redemption of up to 25 percent of its then-outstanding ARPS, subject to market, regulatory, timing and other conditions and factors. The Fund subsequently redeemed that amount of ARPS in stages and the leverage provided by the redeemed ARPS was replaced through the creation of TOBs.

Leverage obtained through a TOB program is less permanent than leverage created through the issuance of ARPS since TOB programs may be unwound upon the occurrence of certain events, such as a failed remarketing of the floating rate securities issued by the special purpose trust, and there is no certainty that TOB financing will be available in the future.

Does Dreyfus plan any other actions related to the Fund’s ARPS?

Dreyfus continues to assess the Fund's ARPS, and the current state of the auction rate preferred shares market generally, including the ability to refinance the Fund's ARPS using TOBs. It is not certain when, or if, the Fund’s remaining ARPS may be redeemed. In reviewing the situation, Dreyfus is seeking to protect the Fund’s best interest, taking into account all of the Fund's shareholders.
What information can Dreyfus provide to the Fund’s shareholders?

Any comments by Dreyfus or its employees are limited to those publicly available either by being posted on its website or issued in a press release. Dreyfus Municipal Income, Inc. is organized as a closed-end fund and is subject to the requirements of Regulation FD, which prohibits the selective disclosure of material non-public information to (1) market professionals, and (2) shareholders where it is reasonably foreseeable that the shareholder will purchase or sell the Fund’s securities on the basis of the information.

In keeping with Regulation FD, absolutely no information beyond what is currently posted on this public website can be discussed or provided. Dreyfus Municipal Income Inc. complies with the requirements of Regulation FD and, as such, can not disclose information unless it is made available to the public at large or is otherwise provided in accordance with the provisions of Regulation FD. Individual investors seeking additional information about the Fund's ARPS holdings are encouraged to speak with their financial advisor.

This Q & A is published solely for informational purposes and is not to be construed as specific tax, legal or investment advice. Nor is this document intended as a solicitation or an offer to buy or sell securities or related financial instruments. The Q & A should not be regarded by recipients as a substitute for exercise of their own judgment. The comments are based on current market conditions.

Different market conditions and assumptions could have materially different results. Neither Dreyfus or Dreyfus Municipal Income, Inc. nor any of their affiliates, directors, employees or agents accept any liability for any loss or damage arising out of the use of all or any part of the Q & A. Certain statements contained in this document may be forward-looking in nature. Such statements represent Dreyfus’s current beliefs, based upon information available at the time the statements are made, with regard to the matters addressed.

Actual future occurrences may differ significantly from those anticipated in any forward-looking statements due to numerous factors. These include but are not limited to the ability of Dreyfus and Dreyfus Municipal Income, Inc. to develop and finalize proposals to restructure the Fund’s existing leverage; the need for the Fund to obtain formal Board approval of specific financing proposals; legal and regulatory developments; and other additional risks and uncertainties. Dreyfus undertakes no responsibility to update publicly or revise any forward-looking statements.