

Dreyfus Municipal Bond Infrastructure Fund, Inc.
Form N-CSR
May 01, 2015

**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 811-22784

Dreyfus Municipal Bond Infrastructure 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)

John Pak, 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: 02/28

Date of reporting period: 02/28/15

FORM N-CSR

Item 1. Reports to Stockholders.

Dreyfus

Municipal Bond

Infrastructure Fund, Inc.

Dreyfus Municipal Bond Infrastructure 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.

Not FDIC-Insured Not Bank-Guaranteed May Lose Value

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Dreyfus
Municipal Bond
Infrastructure Fund, Inc.

The Fund

A LETTER FROM THE PRESIDENT

Dear Shareholder:

We are pleased to present this annual report for Dreyfus Municipal Bond Infrastructure Fund, Inc., covering the 12-month period from March 1, 2014, through February 28, 2015. For information about how the fund performed during the reporting period, as well as general market perspectives, we provide a Discussion of Fund Performance on the pages that follow.

Municipal bonds fared well over the reporting period when supply-and-demand dynamics proved favorable and long-term interest rates declined unexpectedly in the midst of a sustained economic recovery. Municipal bond yields were driven downward and prices higher by robust demand for a relatively limited supply of securities, particularly from investors seeking relatively safe havens in the midst of disappointing global growth and intensifying geopolitical conflicts. Improving credit conditions for many municipal issuers also supported the market's performance.

In light of recent employment gains and signs of stabilization in global energy markets, we remain optimistic about the prospects for municipal bonds over the remainder of 2015. The U.S. economy seems poised for further growth as the drags imposed by tight fiscal policies among federal, state and local governments continue to fade. Furthermore, we currently expect a somewhat faster pace of global growth over the months ahead. Of course, stronger economic growth could create risks for fixed-income markets, including the possibility of higher short-term interest rates from the Federal Reserve Board. That's why we urge you to talk regularly with your financial advisor about the potential impact of our observations on your investments.

Thank you for your continued confidence and support.

Sincerely,

J. Charles Cardona
President
The Dreyfus Corporation
March 16, 2015

DISCUSSION OF FUND PERFORMANCE

For the period of March 1, 2014, through February 28, 2015, as provided by Daniel Rabasco and Jeffrey Burger, Portfolio Managers

Fund and Market Performance Overview

For the 12-month period ended February 28, 2015, Dreyfus Municipal Bond Infrastructure Fund achieved a total return of 18.66% on a net-asset-value basis.¹ Over the same period, the fund provided aggregate income dividends of \$0.7500 per share, which reflects a distribution rate of 5.86%.²

Municipal bonds generally rallied over the reporting period as long-term interest rates fell and supply-and-demand dynamics remained favorable. Lower rated securities particularly benefited from robust demand for income-oriented investments in a low interest-rate environment. The fund added value through a long average duration, an emphasis on higher yielding securities, and its leveraging strategy.

The Fund's Investment Approach

The fund seeks to provide as high a level of current income exempt from regular federal income tax as is consistent with the preservation of capital. The fund's portfolio is composed principally of investments that finance the development, support, or improvement of America's infrastructure.

The fund pursues its investment objective normally by investing at least 80% of its Managed Assets³ in municipal bonds issued to finance infrastructure projects in the United States. Also, under normal circumstances, the fund will invest at least 50% of its Managed Assets in investment grade municipal bonds, meaning that up to 50% of Managed Assets can be invested in below investment grade municipal bonds. Projects in which the fund may invest include (but are not limited to) those in the transportation, energy and utilities, social infrastructure, and water and environmental sectors. We focus on identifying undervalued sectors and securities and minimize the use of interest rate forecasting. We select municipal bonds using fundamental credit analysis to estimate the relative value and attractiveness of various sectors and securities and to exploit pricing inefficiencies.

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DISCUSSION OF FUND PERFORMANCE *(continued)*

The fund employs leverage by issuing preferred stock and participating in tender option bond programs. The use of leverage can magnify gain and loss potential depending on market conditions.

Falling Long-Term Rates Supported Municipal Bond Prices

Long-term interest rates fell over much of the reporting period, defying expectations that stronger economic growth would drive bond yields higher. Global investors seeking more competitive yields from sovereign bonds than were available in Europe and Japan flocked to U.S. Treasury securities, and the resulting supply-and-demand imbalance put downward pressure on yields of U.S. fixed-income securities, including municipal bonds. February 2015 was a notable exception to this trend, as longer-term interest rates climbed when stronger-than-expected employment data sparked concerns that short-term interest rates might rise sooner than previously forecast.

Municipal bonds also benefited from favorable supply-and-demand dynamics amid robust demand from individual investors for competitive levels of tax-exempt income. Strong demand for income-oriented investments helped lower rated municipal bonds outperform their investment-grade counterparts over the reporting period. Meanwhile, despite greater-than-expected issuance volumes over the first two months of 2015, the supply of newly issued municipal securities generally remained stable for the reporting period overall.

The economic rebound resulted in better underlying credit conditions for most states and municipalities with the notable-but-isolated exceptions of Puerto Rico and Detroit. Tax revenues have climbed beyond pre-recession levels for most state and local governments, enabling them to achieve balanced budgets and replenish reserves.

Duration and Security Selection Strategies Boosted Returns

A relatively long average duration and a focus on longer maturities during the reporting period enabled the fund to capture more of the benefits of falling long-term interest rates and narrowing yield differences along the market's maturity spectrum. Our security selection strategy also proved effective, particularly among securities rated below investment grade. The fund achieved especially strong results from high yield municipal bonds backed by revenues from industrial business dis-

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tricts, airlines, charter schools, and the states' settlement of litigation with U.S. tobacco companies. The fund also benefited from its leveraging strategy, which magnified the gains posted by its holdings.

Although the fund had a net reduction in its position in Puerto Rico bonds during the reporting period, earlier exposure weighed on performance to a degree.

The fund employed tender option bonds and variable municipal term preferred shares, forms of derivative instruments, to help boost its yield and manage its duration strategy during the reporting period.

Maintaining a Constructive Investment Posture

We remain optimistic regarding the prospects for infrastructure-related municipal bonds. The U.S. economic recovery has proven persistent, and credit conditions generally have continued to strengthen. We have become more cautious regarding supply-and demand dynamics: investor demand has remained robust, but the supply of newly issued municipal bonds recently began to increase, and the need to borrow for infrastructure maintenance and development is expected to intensify.

As of the reporting period's end, we have maintained the fund's constructive investment posture, including a relatively long average duration and an emphasis on higher yielding market sectors. However, we are prepared to adjust our strategies as economic and market conditions evolve.

March 16, 2015

Bond funds are subject generally to interest rate, credit, liquidity, and market risks, to varying degrees, all of which are more fully described in the fund's prospectus. Generally, all other factors being equal, bond prices are inversely related to interest-rate changes, and rate increases can cause price declines.

High yield bonds are subject to increased credit and liquidity risk and are considered speculative in terms of the issuer's perceived ability to pay interest on a timely basis and to repay principal upon maturity.

The use of leverage may magnify the fund's gains or losses. For derivatives with a leveraging component, adverse changes in the value or level of the underlying asset can result in a loss that is much greater than the original investment in the derivative.

1 Total return includes reinvestment of dividends and any capital gains paid, based upon net asset value per share. Past performance is no guarantee of future results. Income may be subject to state and local taxes, and some income may be subject to the federal alternative minimum tax (AMT) for certain investors. Capital gains, if any, are fully taxable.

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

3 "Managed Assets" of the fund means the fund's total assets, including any assets attributable to effective leverage, minus certain defined accrued liabilities.

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SELECTED INFORMATION

February 28, 2015 (Unaudited)

Market Price per share February 28, 2015	\$ 12.80
Shares Outstanding February 28, 2015	18,381,981
New York Stock Exchange Ticker Symbol	DMB

MARKET PRICE (NEW YORK STOCK EXCHANGE)

	Fiscal Year Ended February 28, 2015			
	Quarter Ended May 31, 2014	Quarter Ended August 31, 2014	Quarter Ended November 30, 2014	Quarter Ended February 28, 2015
High	\$ 12.07	\$ 12.06	\$ 12.34	\$ 13.10
Low	11.04	11.39	11.65	11.95
Close	12.03	11.92	11.95	12.80

PERCENTAGE GAIN (LOSS) based on change in Market Price[†]

April 26, 2013 (commencement of operations) through February 28, 2015	(4.82)%
March 1, 2014 through February 28, 2015	20.69
June 1, 2014 through February 28, 2015	11.45
September 1, 2014 through February 28, 2015	10.69
December 1, 2014 through February 28, 2015	8.70

NET ASSET VALUE PER SHARE

April 26, 2013 (commencement of operations)	\$ 14.295
February 28, 2014	12.42
May 31, 2014	13.32
August 31, 2014	13.49
November 30, 2014	13.62
February 28, 2015	13.85

PERCENTAGE GAIN (LOSS) based on change in Net Asset Value[†]

April 26, 2013 (commencement of operations) through February 28, 2015	8.03 %
March 1, 2014 through February 28, 2015	18.66

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June 1, 2014 through February 28, 2015	8.87
September 1, 2014 through February 28, 2015	5.79
December 1, 2014 through February 28, 2015	3.16

† With dividends reinvested.

STATEMENT OF INVESTMENTS

February 28, 2015

Long-Term Municipal Investments—142.4%	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Alabama—1.8%				
Alabama Public School and College Authority, Capital Improvement Revenue	5.00	1/1/26	2,500,000	3,055,175
Jefferson County, Sewer Revenue Warrants	0/7.90	10/1/50	2,500,000 ^a	1,592,325
Arizona—6.1%				
Pima County Industrial Development Authority, Education Revenue (American Charter Schools Foundation Project)	5.63	7/1/38	5,585,000	5,044,819
Pima County Industrial Development Authority, Education Revenue (Arizona Charter Schools Refunding Project)	5.38	7/1/31	4,450,000	4,685,850
Salt Verde Financial Corporation, Senior Gas Revenue	5.00	12/1/37	5,000,000	5,783,150
California—10.9%				
California Statewide Communities Development Authority, Revenue (California Baptist University)	6.38	11/1/43	2,035,000	2,328,325
Golden State Tobacco Securitization Corporation, Tobacco Settlement Asset-Backed Bonds	5.75	6/1/47	8,000,000	6,878,960
Long Beach Bond Finance Authority, Natural Gas Purchase Revenue	5.50	11/15/37	5,000,000	6,180,650
Riverside County Transportation Commission, Senior Lien Toll Revenue	5.75	6/1/44	3,250,000 ^b	3,767,952
San Buenaventura,				

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Revenue (Community Memorial Health System)	7.50	12/1/41	2,500,000	3,074,400
University of California Regents, Medical Center Pooled Revenue	5.00	5/15/43	5,000,000	5,637,800
Colorado—3.3%				
City and County of Denver, Airport System				
Subordinate Revenue	5.25	11/15/43	5,000,000 ^b	5,612,250

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STATEMENT OF INVESTMENTS (continued)

Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Colorado (continued)				
Colorado Health Facilities Authority, Revenue (Sisters of Charity of Leavenworth Health System)	5.00	1/1/44	2,500,000	2,817,475
District of Columbia—0.8%				
District of Columbia, Revenue (Knowledge is Power Program, District of Columbia Issue)	6.00	7/1/43	1,700,000	1,992,400
Florida—3.8%				
Broward County, Airport System Revenue	5.00	10/1/42	3,750,000 ^b	4,169,737
Davie, Educational Facilities Revenue (Nova Southeastern University Project)	5.63	4/1/43	4,805,000	5,464,726
Illinois—4.0%				
Chicago, Customer Facility Charge Senior Lien Revenue (Chicago O'Hare International Airport)	5.75	1/1/43	3,750,000 ^b	4,222,837
Chicago, GO (Project and Refunding Series)	5.00	1/1/36	3,000,000	3,059,970
University of Illinois Board of Trustees, Auxiliary Facilities System Revenue (University of Illinois)	5.00	4/1/44	2,500,000	2,802,275
Indiana—6.9%				
Indiana Finance Authority, HR (The King's Daughters' Hospital and Health Services)	5.50	8/15/40	7,425,000	8,190,963
Indiana Finance Authority, Private Activity Bonds (Ohio River Bridges East End Crossing Project)	5.00	7/1/40	5,000,000 ^b	5,392,000

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Indiana Finance Authority, Revenue (Baptist Homes of Indiana Senior Living)	6.00	11/15/41	3,500,000	3,984,400
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Long-Term Municipal Investments (continued)	Coupon Rate (%)	Maturity Date	Principal Amount (\$)	Value (\$)
Iowa—4.2%				
Iowa Finance Authority, Midwestern Disaster Area Revenue (Alcoa Inc. Project)	4.75	8/1/42	3,000,000	3,139,350
Iowa Finance Authority, Midwestern Disaster Area Revenue (Iowa Fertilizer Company Project)	5.25	12/1/25	7,000,000	7,668,010
Kentucky—1.1%				
Louisville/Jefferson County Metro Government, Health System Revenue (Norton Healthcare, Inc.)	5.75	10/1/42	2,370,000	2,742,754
Louisiana—3.1%				
Louisiana Public Facilities Authority, Dock and Wharf Revenue (Impala Warehousing LLC Project)	6.50	7/1/36	2,000,000 ^{b,c}	2,254,360
New Orleans, Sewerage Service Revenue	5.00	6/1/44	2,000,000	2,228,760
New Orleans, Water Revenue	5.00	12/1/34	1,000,000	1,123,070
New Orleans, Water Revenue	5.00	12/1/44	2,000,000	2,232,120
Massachusetts—4.1%				
Massachusetts Development Finance Agency, Revenue (North Hill Communities Issue)	6.50	11/15/43	2,000,000 ^c	2,151,140