

# SECURITIES AND EXCHANGE COMMISSION

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### FILER

#### **DREYFUS GROWTH & VALUE FUND INC**

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DREYFUS FOCUS FUNDS, INC.

DREYFUS FOCUS FUNDS, INC. (THE "FUND") IS AN OPEN-END, MANAGEMENT INVESTMENT COMPANY, KNOWN AS A MUTUAL FUND. THE FUND PERMITS YOU TO INVEST IN FOUR SEPARATE DIVERSIFIED PORTFOLIOS (EACH, A "PORTFOLIO"): DREYFUS LARGE COMPANY GROWTH; DREYFUS LARGE COMPANY VALUE; DREYFUS SMALL COMPANY GROWTH; AND DREYFUS SMALL COMPANY VALUE. EACH PORTFOLIO'S INVESTMENT OBJECTIVE IS CAPITAL APPRECIATION. EACH PORTFOLIO WILL SEEK TO ACHIEVE ITS INVESTMENT OBJECTIVE BY INVESTING IN A PORTFOLIO OF PUBLICLY-TRADED COMMON STOCKS IN ONE OF FOUR SUB-CATEGORIES OF COMPANIES WHICH MEET CERTAIN CRITERIA ESTABLISHED BY THE DREYFUS CORPORATION. IN ADDITION TO USUAL INVESTMENT PRACTICES, EACH PORTFOLIO WILL USE SPECULATIVE INVESTMENT TECHNIQUES SUCH AS SHORT-SELLING, BORROWING FOR INVESTMENT PURPOSES, AND FUTURES AND OPTIONS TRANSACTIONS.

THE DREYFUS CORPORATION WILL PROFESSIONALLY MANAGE EACH PORTFOLIO.

SHARES OF EACH PORTFOLIO BEAR CERTAIN COSTS PURSUANT TO A DISTRIBUTION PLAN ADOPTED IN ACCORDANCE WITH RULE 12B-1 UNDER THE INVESTMENT COMPANY ACT OF 1940 AND A SHAREHOLDER SERVICES PLAN.

YOU CAN PURCHASE OR REDEEM SHARES BY TELEPHONE USING DREYFUS TELETRANSFER.

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THIS PROSPECTUS SETS FORTH CONCISELY INFORMATION ABOUT THE FUND THAT YOU SHOULD KNOW BEFORE INVESTING. IT SHOULD BE READ AND RETAINED FOR FUTURE REFERENCE.

PART B (ALSO KNOWN AS THE STATEMENT OF ADDITIONAL INFORMATION), DATED DECEMBER 23, 1993, WHICH MAY BE REVISED FROM TIME TO TIME, PROVIDES A FURTHER DISCUSSION OF CERTAIN AREAS IN THIS PROSPECTUS AND OTHER MATTERS WHICH MAY BE OF INTEREST TO SOME INVESTORS. IT HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION AND IS INCORPORATED HEREIN BY REFERENCE. FOR A FREE COPY, WRITE TO THE FUND AT 144 GLENN CURTISS BOULEVARD, UNIONDALE, NEW YORK 11556-0144, OR CALL 1-800-645-6561. WHEN TELEPHONING, ASK FOR OPERATOR 666.

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THE FUND'S SHARES ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED OR ENDORSED BY, ANY BANK, AND ARE NOT FEDERALLY INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD OR ANY OTHER AGENCY. THE FUND'S SHARES INVOLVE CERTAIN RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL. EACH PORTFOLIO'S SHARE PRICE AND INVESTMENT RETURN FLUCTUATE AND ARE NOT GUARANTEED.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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ANNUAL FUND OPERATING EXPENSES  
(as a percentage of average daily net assets)

	LARGE COMPANY GROWTH	LARGE COMPANY VALUE	SMALL COMPANY GROWTH	SMALL COMPANY VALUE
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Management Fees.....	.75%	.75%	.75%	.75%
12b-1 Fees.....	.50%	.50%	.50%	.50%
Service Fees.....	.25%	.25%	.25%	.25%
Other Expenses.....	.50%	.50%	.50%	.50%
Total Portfolio Operating Expenses.	2.00%	2.00%	2.00%	2.00%

EXAMPLE:

An investor would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) redemption at the end of each time period:

1 YEAR.....	\$20	\$20	\$20	\$20
3 YEARS.....	\$63	\$63	\$63	\$63

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THE AMOUNTS LISTED IN THE EXAMPLE SHOULD NOT BE CONSIDERED AS REPRESENTATIVE OF FUTURE EXPENSES AND ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE INDICATED. MOREOVER, WHILE THE EXAMPLE ASSUMES A 5% ANNUAL RETURN, EACH PORTFOLIO'S ACTUAL PERFORMANCE WILL VARY AND MAY RESULT IN AN ACTUAL RETURN GREATER OR LESS THAN 5%.

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The purpose of the foregoing table is to assist you in understanding the various costs and expenses borne by the Fund, and therefore indirectly by investors, the payment of which will reduce investors' return on an annual basis. Other Expenses and Total Fund Operating Expenses are based on estimated amounts for the current fiscal year. The information in the foregoing table does not reflect any fee waivers or expense reimbursement arrangements that may be in effect. Certain Service Agents (as defined below) may charge their clients direct fees for effecting transactions in Fund shares; such fees are not reflected in the foregoing table. Long-term investors could pay more in 12b-1 fees than the economic equivalent of paying a front-end sales charge. For a further description of the various costs and expenses incurred in the operation of the Fund, as well as expense reimbursement or waiver arrangements, see "Management of the Fund," "How to Buy Fund Shares" and "Distribution Plan and Shareholder Services Plan."

#### DESCRIPTION OF THE FUND

GENERAL - The Fund is a "series fund," which is a mutual fund divided into separate portfolios. Each Portfolio is treated as a separate entity for certain matters under the Investment Company Act of 1940 and for other purposes, and a shareholder of one Portfolio is not deemed to be a shareholder of any other Portfolio. As described below, for certain matters Fund shareholders vote together as a group; as to others they vote separately by Portfolio.

INVESTMENT OBJECTIVE - Each Portfolio's goal is capital appreciation. Each Portfolio's investment objective cannot be changed without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of such Portfolio's outstanding voting shares. There can be no assurance that a Portfolio's investment objective will be achieved.

MANAGEMENT POLICIES - DREYFUS LARGE COMPANY GROWTH will invest, under normal market conditions, substantially all of its assets in equity securities of issuers with market capitalizations of between \$900 million and \$90 billion identified by The Dreyfus Corporation as growth companies.

DREYFUS LARGE COMPANY VALUE will invest, under normal market conditions, substantially all of its assets in equity securities of issuers with market capitalizations of between \$900 million and \$90 billion identified by The Dreyfus Corporation as value companies.

DREYFUS SMALL COMPANY GROWTH will invest, under normal market conditions, substantially all of its assets in equity securities of issuers with market capitalizations of between \$90 million and \$900 million identified by The Dreyfus Corporation as growth companies.

DREYFUS SMALL COMPANY VALUE will invest, under normal market conditions, substantially all of its assets in equity securities of issuers with market capitalizations of between \$90 million and \$900 million identified by The Dreyfus Corporation as value companies.

To determine whether a company's stock falls within the growth or value classification, The Dreyfus Corporation analyzes each company based on fundamental factors such as price to book value ratios, price to earnings ratios, earnings growth, dividend payout ratios, return on equity,

and the company's beta (a measure of stock price volatility relative to the market generally). In general, The Dreyfus Corporation believes that companies with relatively low price to book ratios, low price to earnings ratios and higher than average dividend payments in relation to price should be classified as value companies. Alternatively, companies which have above average earnings or sales growth and retention of earnings and command higher price to earnings ratios fit the more classic growth description.

The Dreyfus Corporation anticipates that at least 65% of the value of each Portfolio's total assets (except when maintaining a temporary defensive position) will be invested in equity securities. Equity securities consist of common stocks, convertible securities and preferred stocks. Each Portfolio may invest, in anticipation of investing cash positions, in money market instruments consisting of U.S. Government securities, certificates of deposit, time deposits, bankers' acceptances, short-term investment grade corporate bonds and other short-term debt instruments, and repurchase agreements, as set forth under "Certain Portfolio Securities" below. Under normal market conditions, the Fund does not expect to have a substantial portion of its assets invested in money market instruments. However, when The Dreyfus Corporation determines that adverse market conditions exist, each Portfolio may adopt a temporary defensive posture and invest all of its assets in money market instruments.

In an effort to increase each Portfolio's returns, the Fund may engage in various investment techniques which, if successful, would produce short-term capital gains. The use of investment techniques such as short-selling, borrowing for investment purposes, engaging in foreign exchange transactions, engaging in options and futures transactions and lending of portfolio securities involves greater risk than that incurred by many other funds. You should purchase shares of a Portfolio only as a supplement to an overall investment program and only if you are willing to undertake the risks involved.

#### INVESTMENT TECHNIQUES

**LEVERAGE THROUGH BORROWING** - Each Portfolio may borrow for investment purposes. This borrowing, which is known as leveraging, generally will be unsecured, except to the extent a Portfolio enters into reverse repurchase agreements described below. The Investment Company Act of 1940 requires each Portfolio to maintain continuous asset coverage (that is, total assets including borrowings, less liabilities exclusive of borrowings) of 300% of the amount borrowed. If the 300% asset coverage should decline as a result of market fluctuations or other reasons, a Portfolio may be required to sell some of its portfolio holdings within three days to reduce the debt and restore the 300% asset coverage, even though it may be disadvantageous from an investment standpoint to sell securities at that time. Leveraging may exaggerate the effect on net asset value of any increase or decrease in the market value of the Portfolio's investment securities. Money borrowed for leveraging will be subject to interest costs that may or may not be recovered by appreciation of the securities purchased; in certain cases, interest costs may exceed the return received on the securities purchased. Each Portfolio also may be required to maintain minimum average balances in connection with such borrowing or to pay a commitment or other fee to maintain a line of credit; either of these requirements would increase the cost of borrowing over the stated interest rate.

Among the forms of borrowing in which each Portfolio may engage is

the entry into reverse repurchase agreements with banks, brokers or dealers. These transactions involve the transfer by a Portfolio of an underlying debt instrument in return for cash proceeds based on a percentage of the value of the security. The Portfolio retains the right to receive interest and principal payments on the security. At an agreed upon future date, the Portfolio repurchases the security at principal, plus accrued interest. In certain types of agreements, there is no agreed upon repurchase date and interest payments are calculated daily, often based on the pre-

vailing overnight repurchase rate. Each Portfolio will maintain in a segregated custodial account cash or U.S. Government securities or other high quality liquid debt securities at least equal to the aggregate amount of its reverse repurchase obligations, plus accrued interest, in certain cases, in accordance with releases promulgated by the Securities and Exchange Commission. The Securities and Exchange Commission views reverse repurchase transactions as collateralized borrowings by the relevant Portfolio. These agreements, which are treated as if reestablished each day, are expected to provide the Portfolios with a flexible borrowing tool.

SHORT-SELLING - Each Portfolio may make short sales, which are transactions in which the Portfolio sells a security it does not own in anticipation of a decline in the market value of that security. To complete such a transaction, the Portfolio must borrow the security to make delivery to the buyer. The Portfolio then is obligated to replace the security borrowed by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Portfolio. Until the security is replaced, the Portfolio is required to pay to the lender amounts equal to any dividends, interest or other distributions which accrue during the period of the loan. To borrow the security, the Portfolio also may be required to pay a premium, which would increase the cost of the security sold. The proceeds of the short sale will be retained by the broker, to the extent necessary to meet margin requirements, until the short position is closed out.

Until a Portfolio closes its short position or replaces the borrowed security, the Portfolio will: (a) maintain a segregated account, containing cash or U.S. Government securities, at such a level that (i) the amount deposited in the account plus the amount deposited with the broker as collateral will equal the current value of the security sold short and (ii) the amount deposited in the segregated account plus the amount deposited with the broker as collateral will not be less than the market value of the security at the time it was sold short; or (b) otherwise cover its short position.

A Portfolio will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which the Portfolio replaces the borrowed security. A Portfolio will realize a gain if the security declines in price between those dates. This result is the opposite of what one would expect from a cash purchase of a long position in a security. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of any premium or amounts in lieu of dividends, interest or other distributions the Portfolio

may be required to pay in connection with a short sale.

Each Portfolio may purchase call options to provide a hedge against an increase in the price of a security sold short by the Portfolio. When a Portfolio purchases a call option it has to pay a premium to the person writing the option and a commission to the broker selling the option. If the option is exercised by the Portfolio, the premium and the commission paid may be more than the amount of the brokerage commission charged if the security were to be purchased directly. See "Call and Put Options on Specific Securities" below.

The Fund anticipates that the frequency of short sales on behalf of a Portfolio will vary substantially under different market conditions, and it does not intend that any specified portion of a Portfolio's assets, as a matter of practice, will be invested in short sales. However, no securities will be sold short if, after effect is given to any such short sale, the total market value of all securities sold short by a Portfolio would exceed 25% of the value of such Portfolio's net assets. A Portfolio may not sell short the securities of any single issuer listed on a national securities exchange to the extent of more than 5% of the value of such Portfolio's net assets. A Portfolio may not sell short the securities of any class of an issuer to the extent, at the time of the transaction, of more than 5% of the outstanding securities of that class.

In addition to the short sales discussed above, each Portfolio may make short sales "against the box," a transaction in which the Portfolio enters into a short sale of a security which such Portfolio owns. The proceeds of the short sale will be held by a broker until the settlement date at which time the Portfolio delivers the security to close the short position. The Portfolio receives the net proceeds from the short sale. The Fund at no time will have more than 15% of the value of a Portfolio's net assets in deposits on short sales against the box.

FOREIGN CURRENCY TRANSACTIONS - Each Portfolio may engage in currency exchange transactions to the extent consistent with its investment objective or to hedge its portfolio. Each Portfolio will conduct its curren-

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cy exchange transactions either on a spot (i.e., cash) basis at the rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell currencies. A forward currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which must be more than two days from the date of the contract, at a price set at the time of the contract. Forward currency exchange contracts are entered into in the interbank market conducted directly between currency traders (typically commercial banks or other financial institutions) and their customers. Each Portfolio also may combine forward currency exchange contracts with investments in securities denominated in other currencies.

Each Portfolio also may maintain short positions in forward currency exchange transactions, which would involve the Portfolio agreeing to



exchange an amount of a currency it did not currently own for another currency at a future date in anticipation of a decline in the value of the currency sold relative to the currency the Portfolio contracted to receive in the exchange. The Portfolio will maintain in a segregated custodial account cash or U.S. Government securities or other high quality liquid debt securities at least equal to the aggregate amount of its short positions, plus accrued interest, in certain cases, in accordance with releases promulgated by the Securities and Exchange Commission.

**OPTIONS ON FOREIGN CURRENCY** - Each Portfolio may purchase and sell call and put options on foreign currency for the purpose of hedging against changes in future currency exchange rates. Call options convey the right to buy the underlying currency at a price which is expected to be lower than the spot price of the currency at the time the option expires. Put options convey the right to sell the underlying currency at a price which is anticipated to be higher than the spot prices of the currency at the time the option expires. Each Portfolio may use foreign currency options for the same purposes as forward currency exchange and futures transactions, as described herein. See also "Call and Put Options on Specific Securities" and "Currency Futures and Options on Currency Futures" below.

**CALL AND PUT OPTIONS ON SPECIFIC SECURITIES** - Each Portfolio may invest up to 5% of its assets, represented by the premium paid, in the purchase of call and put options in respect of specific securities (or groups or "baskets" of specific securities) in which the Portfolio may invest. Each Portfolio may write covered call and put option contracts to the extent of 20% of the value of its net assets at the time such option contracts are written. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security or securities at the exercise price at any time during the option period. Conversely, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security or securities at the exercise price at any time during the option period. A covered call option sold by a Portfolio, which is a call option with respect to which the Portfolio owns the underlying security or securities, exposes the Portfolio during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or securities or to possible continued holding of a security or securities which might otherwise have been sold to protect against depreciation in the market price thereof. A covered put option sold by a Portfolio exposes the Portfolio during the term of the option to a decline in price of the underlying security or securities. A put option sold by a Portfolio is covered when, among other things, cash or liquid securities are placed in a segregated account with the Fund's custodian to fulfill the obligation undertaken.

To close out a position when writing covered options, a Portfolio may make a "closing purchase transaction," which involves purchasing an option on the same security or securities with the same exercise price and expiration date as the option which it has previously written. To close out a position as a purchaser of an option, a Portfolio may make a "closing sale transaction," which involves liquidating the Portfolio's position by selling the option previously purchased. A Portfolio will realize a profit or loss from a closing purchase or sale transaction depending upon the difference between the amount paid to purchase an option and the amount received from the sale thereof.



The Fund intends to treat options in respect of specific securities that are not traded on a national securities exchange and the securities underlying covered call options written by the Portfolios as illiquid securities. See "Certain Portfolio Securities - Illiquid Securities" below.

Each Portfolio will purchase options only to the extent permitted by the policies of state securities authorities in states where shares of the Portfolios are qualified for offer and sale.

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STOCK INDEX OPTIONS - Each Portfolio may purchase and write put and call options on stock indexes listed on U.S. securities exchanges or traded in the over-the-counter market. A stock index fluctuates with changes in the market values of the stocks included in the index.

The effectiveness of purchasing or writing stock index options will depend upon the extent to which price movements in the Portfolio's investments correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a Portfolio will realize a gain or loss from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indexes, in an industry or market segment, rather than movements in the price of a particular stock. Accordingly, successful use by each Portfolio of options on stock indexes will be subject to The Dreyfus Corporation's ability to predict correctly movements in the direction of the stock market generally or of a particular industry. This requires different skills and techniques than predicting changes in the price of individual stocks.

When a Portfolio writes an option on a stock index, the Portfolio will place in a segregated account with its custodian or sub-custodian cash or liquid securities in an amount at least equal to the market value of the underlying stock index and will maintain the account while the option is open or otherwise will cover the transaction.

FUTURES TRANSACTIONS - IN GENERAL - The Fund is not a commodity pool. However, as a substitute for a comparable market position in the underlying securities and for hedging purposes, each Portfolio may engage in futures and options on futures transactions as described below.

Each Portfolio may trade futures contracts and options on futures contracts in U.S. domestic markets, such as the Chicago Board of Trade and the International Monetary Market of the Chicago Mercantile Exchange, or, to the extent permitted under applicable law, on exchanges located outside the United States, such as the London International Financial Futures Exchange and the Sydney Futures Exchange Limited. Foreign markets may offer advantages, such as trading in commodities that are not currently traded in the United States or arbitrage possibilities, not available in the United States. Foreign markets, however, may have greater risk potential than domestic markets. See "Risk Factors - Foreign Commodity Transactions" below.

Each Portfolio's commodities transactions must constitute bona fide

hedging or other permissible transactions pursuant to regulations promulgated by the Commodity Futures Trading Commission (the "CFTC"). In addition, a Portfolio may not engage in such transactions if the sum of the amount of initial margin deposits and premiums paid for unexpired commodity options, other than for bona fide hedging transactions, would exceed 5% of the liquidation value of the Portfolio's assets, after taking into account unrealized profits and unrealized losses on such contracts it has entered into; provided, however, that in the case of an option that is in-the-money at the time of purchase, the in-the money amount may be excluded in calculating the 5%. Pursuant to regulations and/or published positions of the Securities and Exchange Commission, each Portfolio may be required to segregate cash or high quality money market instruments in connection with its commodities transactions in an amount generally equal to the value of the underlying commodity.

Initially, when purchasing or selling futures contracts a Portfolio will be required to deposit with the Fund's custodian in the broker's name an amount of cash or cash equivalents up to approximately 10% of the contract amount. This amount is subject to change by the exchange or board of trade on which the contract is traded and members of such exchange or board of trade may impose their own higher requirements. This amount is known as "initial margin" and is in the nature of a performance bond or good faith deposit on the contract which is returned to the Portfolio upon termination of the futures position, assuming all contractual obligations have been satisfied. Subsequent payments, known as "variation margin," to and from the broker will be made daily as the price of the index or securities underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking-to-market." At any time prior to the expiration of a futures contract, the Portfolio may elect to close the position by taking an opposite position at the then prevailing price, which will operate to terminate the Portfolio's existing position in the contract.

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Although each Portfolio intends to purchase or sell futures contracts only if there is an active market for such contracts, no assurance can be given that a liquid market will exist for any particular contract at any particular time. Many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond the limit or trading may be suspended for specified periods during the trading day. Futures contract prices could move to the limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and potentially subjecting a Portfolio to substantial losses. If it is not possible or the Portfolio determines not to close a futures position in anticipation of adverse price movements, the Portfolio will be required to make daily cash payments of variation margin. In such circumstances, an increase in the value of the portion of a Portfolio's securities being hedged, if any, may offset partially or completely losses on the futures contract. However, no assurance can be given that the price of the securities being hedged will correlate with the price movements in a futures contract and thus provide an offset to losses on the futures

contract.

In addition, to the extent a Portfolio is engaging in a futures transaction as a hedging device, due to the risk of an imperfect correlation between securities owned by the Portfolio that are the subject of a hedging transaction and the futures contract used as a hedging device, it is possible that the hedge will not be fully effective in that, for example, losses on the portfolio securities may be in excess of gains on the futures contract or losses on the futures contract may be in excess of gains on the portfolio securities that were the subject of the hedge. In futures contracts based on indexes, the risk of imperfect correlation increases as the composition of a Portfolio's securities vary from the composition of the index. In an effort to compensate for the imperfect correlation of movements in the price of the securities being hedged and movements in the price of futures contracts, the Portfolio may buy or sell futures contracts in a greater or lesser dollar amount than the dollar amount of the securities being hedged if the historical volatility of the futures contract has been less or greater than that of the securities. Such "over hedging" or "under hedging" may adversely affect a Portfolio's net investment results if market movements are not as anticipated when the hedge is established.

Successful use of futures by a Portfolio also is subject to The Dreyfus Corporation's ability to predict correctly movements in the direction of the market or interest rates. For example, if a Portfolio has hedged against the possibility of a decline in the market adversely affecting the value of securities held in its portfolio and prices increase instead, the Portfolio will lose part or all of the benefit of the increased value of securities which it has hedged because it will have offsetting losses in its futures positions. In addition, in such situations, if the Portfolio has insufficient cash, it may have to sell securities to meet daily variation margin requirements. Such sales of securities may, but will not necessarily, be at increased prices which reflect the rising market. The Portfolio may have to sell securities at a time when it may be disadvantageous to do so.

An option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract (a long position if the option is a call and a short position if the option is a put) at a specified exercise price at any time during the option exercise period. The writer of the option is required upon exercise to assume an offsetting futures position (a short position if the option is a call and a long position if the option is a put). Upon exercise of the option, the assumption of offsetting futures positions by the writer and holder of the option will be accompanied by delivery of the accumulated cash balance in the writer's futures margin account which represents the amount by which the market price of the futures contract, at exercise, exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract.

Call options sold by a Portfolio with respect to futures contracts will be covered by, among other things, entering into a long position in the same contract at a price no higher than the strike price of the call option, or by ownership of the instruments underlying, or instruments the prices

of which are expected to move relatively consistently with the instruments underlying, the futures contract. Put options sold by a Portfolio with respect to futures contracts will be covered in the same manner as put options on specific securities as described above.

STOCK INDEX FUTURES AND OPTIONS ON STOCK INDEX FUTURES - Each Portfolio may purchase and sell stock index futures contracts and options on stock index futures contracts.

A stock index future obligates the seller to deliver (and the purchaser to take) an amount of cash equal to a specific dollar amount times the difference between the value of a specific stock index at the close of the last trading day of the contract and the price at which the agreement is made. No physical delivery of the underlying stocks in the index is made. With respect to stock indexes that are permitted investments, each Portfolio intends to purchase and sell futures contracts on the stock index for which it can obtain the best price with consideration also given to liquidity.

Each Portfolio may use index futures as a substitute for a comparable market position in the underlying securities.

The price of stock index futures may not correlate perfectly with the movement in the stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions which would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause temporary price distortions.

#### INTEREST RATE FUTURES CONTRACTS AND OPTIONS ON INTEREST RATE

FUTURES CONTRACTS - Each Portfolio may invest in interest rate futures contracts and options on interest rate futures contracts as a substitute for a comparable market position and to hedge against adverse movements in interest rates.

To the extent a Portfolio has invested in interest rate futures contracts or options on interest rate futures contracts as a substitute for a comparable market position, the Portfolio will be subject to the investment risks of having purchased the securities underlying the contract.

Each Portfolio may purchase call options on interest rate futures contracts to hedge against a decline in interest rates and may purchase put options on interest rate futures contracts to hedge its portfolio securities against the risk of rising interest rates.

Each Portfolio may sell call options on interest rate futures contracts to partially hedge against declining prices of its portfolio securities. If the futures price at expiration of the option is below the exercise price, the Portfolio will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in such Portfolio's holdings. Each Portfolio may sell put options on interest rate futures contracts to hedge against increasing prices of the securities

which are deliverable upon exercise of the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Portfolio will retain the full amount of the option premium which provides a partial hedge against any increase in the price of securities which the Portfolio intends to purchase. If a put or call option sold by a Portfolio is exercised, the Portfolio will incur a loss which will be reduced by the amount of the premium it receives. Depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of its futures positions, a Portfolio's losses from existing options on futures may to some extent be reduced or increased by changes in the value of its portfolio securities.

Each Portfolio also may sell options on interest rate futures contracts as part of closing purchase transactions to terminate its options positions. No assurance can be given that such closing transactions can be effected or that there will be a correlation between price movements in the options on interest rate futures and price movements in a Portfolio's securities which are the subject of the hedge. In addition, a Portfolio's purchase of such options will be based upon predictions as to anticipated interest rate trends, which could prove to be inaccurate.

CURRENCY FUTURES AND OPTIONS ON CURRENCY FUTURES - Each Portfolio may purchase and sell currency futures contracts and options thereon. See "Call and Put Options on Specific Securities" above. By selling foreign currency futures, the Portfolio can establish the number of U.S. dollars it will receive in the delivery month for a certain amount of a foreign currency. In this way, if the Portfolio anticipates a decline of a foreign

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currency against the U.S. dollar, the Portfolio can attempt to fix the U.S. dollar value of some or all of its securities that are denominated in that currency. By purchasing foreign currency futures, the Portfolio can establish the number of U.S. dollars it will be required to pay for a specified amount of a foreign currency in the delivery month. Thus, if the Portfolio intends to buy securities in the future and expects the U.S. dollar to decline against the relevant foreign currency during the period before the purchase is effected, the Portfolio, for the price of the currency future, can attempt to fix the price in U.S. dollars of the securities it intends to acquire.

The purchase of options on currency futures will allow each Portfolio, for the price of the premium it must pay for the option, to decide whether or not to buy (in the case of a call option) or to sell (in the case of a put option) a futures contract at a specified price at any time during the period before the option expires. If the Portfolio, in purchasing an option, has been correct in its judgment concerning the direction in which the price of a foreign currency would move as against the U.S. dollar, it may exercise the option and thereby take a futures position to hedge against the risk it had correctly anticipated or close out the option position at a gain that will offset, to some extent, currency exchange losses otherwise suffered by the Portfolio. If exchange rates move in a way the Portfolio did not anticipate, the Portfolio will have incurred the expense of the option without obtaining the expected benefit. As a result, the Portfolio's profits on the underlying securities transactions may be reduced or overall losses incurred.

OPTIONS ON SWAPS - Each Portfolio may purchase cash-settled options on equity index swaps in pursuit of its investment objective. Equity index swaps involve the exchange by a Portfolio with another party of cash flows based upon the performance of an index or a portion of an index of securities which usually include dividends. A cash-settled option on a swap gives the purchaser the right, but not the obligation, in return for the premium paid, to receive an amount of cash equal to the value of the underlying swap as of the exercise date. These options typically are purchased in privately negotiated transactions from financial institutions, including securities brokerage firms.

A Portfolio usually will enter into swap transactions on a net basis. In so doing, the two payment streams are netted out, with the Portfolio receiving or paying, as the case may be, only the net amount of the two payments. If a Portfolio enters into a swap, it would maintain a segregated account in the full amount accrued on a daily basis of the Portfolio's obligations with respect to the swap. If there is a default by the other party to such a transaction, the Portfolio will have contractual remedies pursuant to the agreements related to the transaction.

The use of swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio security transactions. There is no limit on the amount of swap transactions that may be entered into by a Portfolio. These transactions do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to swaps is limited to the net amount of payments that a Portfolio is contractually obligated to make. If the other party to a swap defaults, the Portfolio's risk of loss consists of the net amount of payments that the Fund contractually is entitled to receive.

FUTURE DEVELOPMENTS - Each Portfolio may take advantage of opportunities in the area of options and futures contracts and options on futures contracts and any other derivative investment which are not presently contemplated for use by the Fund or which are not currently available but which may be developed, to the extent such opportunities are both consistent with the Portfolio's investment objective and legally permissible for the Portfolio. Before entering into such transactions or making any such investment on behalf of a Portfolio, the Fund will provide appropriate disclosure in its prospectus.

LENDING PORTFOLIO SECURITIES - From time to time, each Portfolio may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. Such loans may not exceed 33-1/3% of the value of such Portfolio's total assets. In connection with such loans, the Portfolio will receive collateral consisting of cash, U.S. Government securities or irrevocable letters of credit which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. Each Portfolio can increase its income through the investment of such collateral. A Portfolio engaging in the portfolio loan transaction continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned security and receives interest on the amount of the loan.

Such loans will be terminable at any time upon specified notice. A Portfolio might experience risk of loss if the institution with which it has engaged in a



portfolio loan transaction breaches its agreement with the Portfolio.

#### CERTAIN PORTFOLIO SECURITIES

CONVERTIBLE SECURITIES - Each Portfolio may purchase convertible securities, which are fixed-income securities, such as bonds or preferred stock, which may be converted at a stated price within a specified period of time into a specified number of shares of common stock of the same or a different issuer. Convertible securities are senior to common stock in a corporation's capital structure, but usually are subordinated to non-convertible debt securities. While providing a fixed-income stream (generally higher in yield than the income derivable from a common stock, but lower than that afforded by a non-convertible debt security), a convertible security also affords an investor the opportunity, through its conversion feature, to participate in the capital appreciation of the common stock into which it is convertible. The convertible securities in which each Portfolio may invest must be rated at least Baa by Moody's Investors Service, Inc. ("Moody's") or at least BBB by Standard & Poor's Corporation ("S&P") or, if unrated, deemed to be of comparable quality by The Dreyfus Corporation. Convertible securities rated Baa by Moody's or BBB by S&P are considered investment grade obligations which lack outstanding investment characteristics and have speculative characteristics as well.

In general, the market value of a convertible security is the higher of its "investment value" (i.e., its value as a fixed-income security) or its "conversion value" (i.e., the value of the underlying shares of common stock if the security is converted). As a fixed-income security, the market value of a convertible security generally increases when interest rates decline and generally decreases when interest rates rise. However, the price of a convertible security also is influenced by the market value of the security's underlying common stock. Thus, the price of a convertible security generally increases as the market value of the underlying stock increases, and generally decreases as the market value of the underlying stock declines. Investments in convertible securities generally entail less risk than investments in the common stock of the same issuer.

U.S. GOVERNMENT SECURITIES - Each Portfolio may purchase securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, which include U.S. Treasury securities that differ in their interest rates, maturities and times of issuance. Treasury Bills have initial maturities of one year or less; Treasury Notes have initial maturities of one to ten years; and Treasury Bonds generally have initial maturities of greater than ten years. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, for example, Government National Mortgage Association pass-through certificates, are supported by the full faith and credit of the U.S. Treasury; others, such as those of the Federal Home Loan Banks, by the right of the issuer to borrow from the U.S. Treasury; others, such as those issued by the Federal National Mortgage Association, by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others, such as those issued by the Student Loan Marketing Association, only by the credit of the agency or instrumentality. These securities bear fixed, floating or variable rates of interest. Principal and interest may fluctuate based on generally recognized reference rates or the relationship of rates. While the U.S. Government provides financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, because the U.S. Government is not obligated



to do so by law.

ZERO COUPON SECURITIES - Each Portfolio may invest in zero coupon U.S. Treasury securities, which are Treasury Notes and Bonds that have been stripped of their unmatured interest coupons, the coupons themselves and receipts or certificates representing interests in such stripped debt obligations and coupons. Each Portfolio also may invest in zero coupon securities issued by corporations and financial institutions which constitute a proportionate ownership of the issuer's pool of underlying U.S. Treasury securities. A zero coupon security pays no interest to its holder during its life and is sold at a discount to its face value at maturity. The amount of the discount fluctuates with the market price of the security. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically and are likely to respond to a greater degree to changes in interest rates than non-zero coupon securities having similar maturities and credit qualities.

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BANK OBLIGATIONS - Each Portfolio may purchase certificates of deposit, time deposits, bankers' acceptances and other short-term obligations of domestic banks, foreign subsidiaries of domestic banks, foreign branches of domestic banks, and domestic and foreign branches of foreign banks, domestic savings and loan associations and other banking institutions. With respect to such securities issued by foreign branches of domestic banks, foreign subsidiaries of domestic banks, and domestic and foreign branches of foreign banks, the Fund may be subject to additional investment risks that are different in some respects from those incurred by a fund which invests only in debt obligations of U.S. domestic issuers. Such risks include possible future political and economic developments, the possible imposition of foreign withholding taxes on interest income payable on the securities, the possible establishment of exchange controls or the adoption of other foreign governmental restrictions which might adversely affect the payment of principal and interest on these securities and the possible seizure or nationalization of foreign deposits.

Certificates of deposit are negotiable certificates evidencing the obligation of a bank to repay funds deposited with it for a specified period of time.

Time deposits are non-negotiable deposits maintained in a banking institution for a specified period of time at a stated interest rate. Time deposits which may be held by each Portfolio will not benefit from insurance from the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation. No Portfolio will invest more than 15% of the value of its net assets in time deposits that are illiquid and in other illiquid securities.

Bankers' acceptances are credit instruments evidencing the obligation of a bank to pay a draft drawn on it by a customer. These instruments reflect the obligation both of the bank and of the drawer to pay the face amount of the instrument upon maturity. The other short-term obligations

may include uninsured, direct obligations bearing fixed, floating or variable interest rates.

REPURCHASE AGREEMENTS - Repurchase agreements involve the acquisition by a Portfolio of an underlying debt instrument, subject to an obligation of the seller to repurchase, and the Portfolio to resell, the instrument at a fixed price, usually not more than one week after its purchase. The Fund's custodian or subcustodian will have custody of, and will hold in a segregated account, securities acquired by a Portfolio under a repurchase agreement. Repurchase agreements are considered by the staff of the Securities and Exchange Commission to be loans by the Portfolio which enters into them. In an attempt to reduce the risk of incurring a loss on a repurchase agreement, a Portfolio will enter into repurchase agreements only with domestic banks with total assets in excess of \$1 billion or primary government securities dealers reporting to the Federal Reserve Bank of New York, with respect to securities of the type in which the Portfolio may invest, and will require that additional securities be deposited with it if the value of the securities purchased should decrease below resale price. The Dreyfus Corporation will monitor on an ongoing basis the value of the collateral to assure that it always equals or exceeds the repurchase price. Certain costs may be incurred in connection with the sale of the securities if the seller does not repurchase them in accordance with the repurchase agreement. In addition, if bankruptcy proceedings are commenced with respect to the seller of the securities, realization on the securities by the Portfolio may be delayed or limited. The Fund will consider on an ongoing basis the creditworthiness of the institutions with which a Portfolio enters into repurchase agreements.

#### COMMERCIAL PAPER AND OTHER SHORT-TERM CORPORATE OBLIGATIONS -

Commercial paper consists of short-term, unsecured promissory notes issued to finance short-term credit needs. The commercial paper purchased by a Portfolio will consist only of direct obligations which, at the time of their purchase, are (a) rated not lower than Prime-1 by Moody's, A-1 by S&P, F-1 by Fitch Investors Service, Inc. ("Fitch") or Duff-1 by Duff & Phelps, Inc. ("Duff"), (b) issued by companies having an outstanding unsecured debt issue currently rated not lower than Aa3 by Moody's or AA- by S&P, Fitch or Duff, or (c) if unrated, determined by The Dreyfus Corporation to be of comparable quality to those rated obligations which may be purchased by the Portfolio. Each Portfolio may purchase floating and variable rate demand notes and bonds, which are obligations ordinarily having stated maturities in excess of one year, but which permit the holder to demand payment of principal at any time or at specified intervals. Variable rate demand notes include variable amount

master demand notes, which are obligations that permit the Portfolios to invest fluctuating amounts at varying rates of interest pursuant to direct arrangements between the Fund, as lender, and the borrower. These notes permit daily changes in the amounts borrowed. As mutually agreed between the parties, the Fund may increase the amount under the notes at

any time up to the full amount provided by the note agreement, or decrease the amount, and the borrower may repay up to the full amount of the note without penalty. Because these obligations are direct lending arrangements between the lender and borrower, it is not contemplated that such instruments generally will be traded, and there generally is no established secondary market for these obligations, although they are redeemable at face value, plus accrued interest, at any time. Accordingly, where these obligations are not secured by letters of credit or other credit support arrangements, the Fund's right to redeem is dependent on the ability of the borrower to pay principal and interest on demand. In connection with floating and variable rate demand obligations, The Dreyfus Corporation will consider, on an ongoing basis, earning power, cash flow and other liquidity ratios of the borrower, and the borrower's ability to pay principal and interest on demand. Such obligations frequently are not rated by credit rating agencies, and the Portfolios may invest in them only if at the time of an investment the borrower meets the criteria set forth above for other commercial paper issuers.

**WARRANTS** - Each Portfolio may invest up to 5% of its net assets in warrants, except that this limitation does not apply to warrants acquired in units or attached to securities. A warrant is an instrument issued by a corporation which gives the holder the right to subscribe to a specified amount of the corporation's capital stock at a set price for a specified period of time.

**ILLIQUID SECURITIES** - Each Portfolio may invest up to 15% of the value of its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Portfolio's investment objective. Such securities may include securities that are not readily marketable, such as certain securities that are subject to legal or contractual restrictions on resale and repurchase agreements providing for settlement in more than seven days after notice. As to these securities, a Portfolio is subject to a risk that should the Fund desire to sell them when a ready buyer is not available at a price the Fund deems representative of their value, the value of the Portfolio's net assets could be adversely affected. However, if a substantial market of qualified institutional buyers develops pursuant to Rule 144A under the Securities Act of 1933, as amended, for certain of these securities held by the Fund, the Fund intends to treat such securities as liquid securities in accordance with procedures approved by the Fund's Board of Directors. Because it is not possible to predict with assurance how the market for restricted securities pursuant to Rule 144A will develop, the Fund's Board of Directors has directed The Dreyfus Corporation to monitor carefully each Portfolio's investments in such securities with particular regard to trading activity, availability of reliable price information and other relevant information. To the extent that, for a period of time, qualified institutional buyers cease purchasing such restricted securities pursuant to Rule 144A, the Portfolio investing in such securities may have the effect of increasing the level of illiquidity in such Portfolio's investments during such period.

#### **CERTAIN FUNDAMENTAL POLICIES**

Each Portfolio may (i) borrow money to the extent permitted under the Investment Company Act of 1940; (ii) invest up to 5% of its total assets in the obligations of any issuer, except that up to 25% of the value of its total assets may be invested, and securities issued or guaranteed by the

U.S. Government, its agencies or instrumentalities may be purchased, without regard to any such limitation; and (iii) invest up to 25% of its total assets in the securities of issuers in a single industry, provided that there shall be no such limitation on investments in securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities. This paragraph describes fundamental policies that cannot be changed as to a Portfolio without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of such Portfolio's outstanding voting shares. See "Investment Objective and Management Policies - Investment Restrictions" in the Fund's Statement of Additional Information.

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#### CERTAIN ADDITIONAL NON-FUNDAMENTAL POLICIES

Each Portfolio may (i) purchase securities of any company having less than three years' continuous operation (including operations of any predecessors) if such purchase does not cause the value of such Portfolio's investments in all such companies to exceed 5% of the value of its total assets; (ii) pledge, hypothecate, mortgage or otherwise encumber its assets, but only to secure permitted borrowings; and (iii) invest up to 15% of the value of its net assets in repurchase agreements providing for settlement in more than seven days after notice and in other illiquid securities. See "Investment Objective and Management Policies - Investment Restrictions" in the Fund's Statement of Additional Information.

#### RISK FACTORS

INVESTING IN FOREIGN SECURITIES - Foreign securities markets generally are not as developed or efficient as those in the United States. Securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. Similarly, volume and liquidity in most foreign securities markets are less than in the United States and, at times, volatility of price can be greater than in the United States. The issuers of some of these securities, such as foreign bank obligations, may be subject to less stringent or different regulations than are U.S. issuers. In addition, there may be less publicly available information about a non-U.S. issuer, and non-U.S. issuers generally are not subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to U.S. issuers.

Because stock certificates and other evidences of ownership of such securities usually are held outside the United States, each Portfolio will be subject to additional risks which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions that might adversely affect the payment of principal, interest and dividends on the foreign securities or might restrict the payment of principal, interest and dividends to investors located outside the country of the issuers, whether from currency blockage or otherwise. Custodial expenses for a portfolio of non-U.S. securities generally are higher than for a portfolio of U.S. securities.

Since foreign securities often are purchased with and payable in currencies of foreign countries, the value of these assets as measured in U.S. dollars may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Portfolios change investments from one

country to another.

Furthermore, some of these securities may be subject to brokerage taxes levied by foreign governments, which have the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by the Portfolios from sources within foreign countries may be reduced by withholding or other taxes imposed by such countries. Tax conventions between certain countries and the United States, however, may reduce or eliminate such taxes. All such taxes paid by a Portfolio will reduce its net income available for distribution to investors.

FOREIGN CURRENCY EXCHANGE - Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors, as seen from an international perspective. Currency exchange rates also can be affected unpredictably by intervention by U.S. or foreign governments or central banks, or the failure to intervene, or by currency controls or political developments in the United States or abroad.

The foreign currency market offers less protection against defaults in the forward trading of currencies than is available when trading in currencies occurs on an exchange. Since a forward currency contract is not guaranteed by an exchange or clearinghouse, a default on the contract would deprive a Portfolio of unrealized profits or force a Portfolio to cover its commitments for purchase or resale, if any, at the current market price.

FOREIGN COMMODITY TRANSACTIONS - Unlike trading on domestic commodity exchanges, trading on foreign commodity exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges. For example, some foreign exchanges are principal markets so that no common clearing

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facility exists and a trader may look only to the broker for performance of the contract. In addition, unless a Portfolio hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading is done on foreign exchanges, any profits that the Portfolio might realize in trading could be eliminated by adverse changes in the exchange rate, or the Portfolio could incur losses as a result of those changes. Transactions on foreign exchanges may include both commodities which are traded on domestic exchanges and those which are not.

OTHER INVESTMENT CONSIDERATIONS - Each Portfolio's net asset value is not fixed and should be expected to fluctuate. You should purchase Portfolio shares only as a supplement to an overall investment program and only if you are willing to undertake the risks involved.

Investors should be aware that equity securities fluctuate in value, often based on factors unrelated to the value of the issuer of the securities, and that fluctuations can be pronounced. Changes in the value of a Portfolio's securities will result in changes in the value of such Portfolio's shares and thus the Portfolio's yield and total return to investors.

The use of investment techniques such as leveraging, short-selling, engaging in financial futures and options transactions, entering into

equity index swaps and options on swaps and lending portfolio securities involves greater risk than that incurred by many other funds with similar objectives. Using these techniques may produce higher than normal portfolio turnover which usually generates additional brokerage commissions and expenses. In addition, short-term gains realized from portfolio transactions are taxable to shareholders as ordinary income. The Fund's ability to engage in certain short-term transactions may be limited by the requirement that, to qualify as a regulated investment company, each Portfolio must earn less than 30% of its gross income from the disposition of securities held for less than three months. This 30% test limits the extent to which a Portfolio may sell securities held for less than three months, write options expiring in less than three months and invest in certain futures contracts, among other strategies. With exception of the above requirement, the amount of investment activity will not be a limiting factor when making investment decisions. Under normal market conditions, a Portfolio's turnover rate generally will not exceed 150%. See "Portfolio Transactions" in the Statement of Additional Information.

Investment decisions for each Portfolio are made independently from those of other investment companies advised by The Dreyfus Corporation. However, if such other investment companies are prepared to invest in, or desire to dispose of, securities of the type in which a Portfolio invests at the same time as such Portfolio, available investments or opportunities for sales will be allocated equitably to each. In some cases, this procedure may adversely affect the size of the position obtained for or disposed of by the Portfolio or the price paid or received by the Portfolio.

#### MANAGEMENT OF THE FUND

The Dreyfus Corporation, located at 200 Park Avenue, New York, New York 10166, was formed in 1947 and serves as the Fund's investment adviser. As of November 30, 1993, The Dreyfus Corporation managed or administered approximately \$78 billion in assets for more than 1.9 million investor accounts nationwide.

The Dreyfus Corporation supervises and assists in the overall management of the Fund's affairs under a Management Agreement with the Fund, subject to the overall authority of the Fund's Board of Directors in accordance with Maryland law. The primary investment officer of Dreyfus Large Company Growth and Dreyfus Small Company Growth will be Howard Stein, who has been Chief Executive Officer of The Dreyfus Corporation since 1965. The primary investment officer of Dreyfus Large Company Value and Dreyfus Small Company Value will be Ernest G. Wiggins, Jr., who, from 1992 to 1993, was President of Gabelli International. Prior thereto, Mr. Wiggins held various positions with Fidelity Management and Research Company. The Fund's other investment officers are identified under "Management of the Fund" in the Fund's Statement of Additional Information. The Dreyfus Corporation also provides research services for the Fund as well as for other funds advised by The Dreyfus Corporation through a professional staff of portfolio managers and security analysts.



Under the terms of the Management Agreement, the Fund has agreed to pay The Dreyfus Corporation a monthly fee at the annual rate of .75 of 1% of the value of each Portfolio's average daily net assets. The management fee is higher than that paid by most other investment companies. From time to time, The Dreyfus Corporation may waive receipt of its fees and/or voluntarily assume certain expenses of a Portfolio, which would have the effect of lowering the overall expense ratio of that Portfolio and increasing yield to investors at the time such amounts are waived or assumed, as the case may be. The Fund will not pay The Dreyfus Corporation at a later time for any amounts it may waive, nor will the Fund reimburse The Dreyfus Corporation for any amounts it may assume.

All expenses incurred in the operation of the Fund will be borne by the Fund, except to the extent specifically assumed by The Dreyfus Corporation. The expenses to be borne by the Fund will include: organizational costs, taxes, interest, loan commitment fees, dividends and interest paid on securities sold short, brokerage fees and commissions, if any, fees of Directors who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of The Dreyfus Corporation, Securities and Exchange Commission fees, state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of maintaining corporate existence, costs of independent pricing services, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of shareholders' reports and corporate meetings, costs of preparing and printing certain prospectuses and statements of additional information, and any extraordinary expenses. Expenses attributable to a particular Portfolio are charged against the assets of that Portfolio; other expenses of the Fund are allocated among the Portfolios on the basis determined by the Board of Directors, including, but not limited to, proportionately in relation to the net assets of each Portfolio.

In addition, the Fund is subject to an annual distribution fee for advertising, marketing and distributing Portfolio shares and an annual service fee for ongoing personal services relating to shareholder accounts and services related to the maintenance of shareholder accounts. See "Distribution Plan and Shareholder Services Plan."

The Dreyfus Corporation may pay Dreyfus Service Corporation for shareholder and distribution services from its own monies, including past profits but not including the management fee paid by the Fund. Dreyfus Service Corporation may pay part or all of these payments to securities dealers or others for servicing and distribution.

The Shareholder Services Group, Inc., a subsidiary of First Data



Corporation, P.O. Box 9671, Providence, Rhode Island 02940-9671, is the Fund's Transfer and Dividend Disbursing Agent (the "Transfer Agent"). The Bank of New York, 110 Washington Street, New York, New York 10286, is the Fund's Custodian.

#### HOW TO BUY FUND SHARES

The Fund's distributor is Dreyfus Service Corporation, a wholly-owned subsidiary of The Dreyfus Corporation located at 200 Park Avenue, New York, New York 10166. The shares it distributes are not deposits or obligations of The Dreyfus Security Savings Bank, F.S.B. and therefore are not insured by the Federal Deposit Insurance Corporation.

You can purchase Portfolio shares through Dreyfus Service Corporation or certain financial institutions, securities dealers and other industry professionals (collectively, "Service Agents") that have entered into agreements with Dreyfus Service Corporation. Stock certificates are issued only upon your written request. No certificates are issued for fractional shares. The Fund reserves the right to reject any purchase order.

Management understands that some Service Agents may impose certain conditions on their clients which are different from those described in this Prospectus, and, to the extent permitted by applicable regulatory authority, may charge their clients direct fees which would be in addition to any amounts which might be received under the Distribution Plan or Shareholder Services Plan. Each Service Agent has agreed to transmit to its clients a schedule of such fees. You should consult your Service Agent in this regard.

The minimum initial investment is \$2,500, or \$1,000 if you are a client of a Service Agent which has made an aggregate minimum initial purchase for its customers of \$2,500. Subsequent investments must be at

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least \$100. The initial investment must be accompanied by the Fund's Account Application. For full-time or part-time employees of The Dreyfus Corporation or any of its affiliates or subsidiaries, directors of The Dreyfus Corporation, Board members of a fund advised by The Dreyfus Corporation, including members of the Fund's Board, or the spouse or minor child of any of the foregoing, the minimum initial investment is \$1,000. For full-time or part-time employees of The Dreyfus Corporation or any of its affiliates or subsidiaries who elect to have a portion of their pay directly deposited into their Fund account, the minimum initial investment is \$50. The Fund reserves the right to offer Portfolio shares without regard to minimum purchase requirements to employees participating in certain qualified or non-qualified employee benefit plans or other programs where contributions or account information can be transmitted in a manner and form acceptable to the Fund. The Fund reserves the right to vary further the initial and subsequent investment minimum requirements at any time.

You may purchase Portfolio shares by check or wire, or through the Dreyfus TELETRANSFER Privilege described below. Checks should be made payable to "The Dreyfus Family of Funds," or, if for Dreyfus retirement plan accounts, to "The Dreyfus Trust Company, Custodian." Payments to open new accounts which are mailed should be sent to The Dreyfus Family of Funds, P.O. Box 9387, Providence, Rhode Island 02940-9387, together with your Account Application. For subsequent investments, your Fund account number should appear on the check and an investment slip should

be enclosed and sent to The Dreyfus Family of Funds, P.O. Box 105, Newark, New Jersey 07101-0105. For Dreyfus retirement plan accounts, both initial and subsequent investments should be sent to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427. Neither initial nor subsequent investments should be made by third party check. Purchase orders may be delivered in person only to a Dreyfus Financial Center. THESE ORDERS WILL BE FORWARDED TO THE FUND AND WILL BE PROCESSED ONLY UPON RECEIPT THEREBY. For the location of the nearest Dreyfus Financial Center, please call one of the telephone numbers listed under "General Information."

Wire payments may be made if your account is in a commercial bank that is a member of the Federal Reserve System or any other bank having a correspondent bank in New York City. Immediately available funds may be transmitted by wire to The Bank of New York, together with the applicable Portfolio's DDA# as shown below, for purchase of shares in your name:

DDA# 8900088125/Dreyfus Focus Funds, Inc./Dreyfus Large Company Growth  
DDA# 8900088133/Dreyfus Focus Funds, Inc./Dreyfus Large Company Value  
DDA# 8900088141/Dreyfus Focus Funds, Inc./Dreyfus Small Company Growth  
DDA# 8900088168/Dreyfus Focus Funds, Inc./Dreyfus Small Company Value

The wire must include your Fund account number (for new accounts, your Taxpayer Identification Number ("TIN") should be included instead), account registration and dealer number, if applicable. If your initial purchase of Portfolio shares is by wire, please call 1-800-645-6561 after completing your wire payment to obtain your Fund account number. Please include your Fund account number on the Fund's Account Application and promptly mail the Account Application to the Fund, as no redemptions will be permitted until the Account Application is received. You may obtain further information about remitting funds in this manner from your bank. All payments should be made in U.S. dollars and, to avoid fees and delays, should be drawn only on U.S. banks. A charge will be imposed if any check used for investment in your account does not clear. The Fund makes available to certain large institutions the ability to issue purchase instructions through compatible computer facilities.

Subsequent investments also may be made by electronic transfer of funds from an account maintained in a bank or other domestic financial institution that is an Automated Clearing House member. You must direct the institution to transmit immediately available funds through the Automated Clearing House to The Bank of New York with instructions to credit your Fund account. The instructions must specify your Fund account registration and your Fund account number PRECEDED BY THE DIGITS "1111."

Shares of each Portfolio are sold on a continuous basis at net asset value per share next determined after

an order in proper form is received by the Transfer Agent or other agent. Net asset value per share is determined as of the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York time), on each day the New York Stock Exchange is open for business. For purposes of determining net asset value, options and futures contracts will be valued 15 minutes after the close of trading on the floor of the New York Stock Exchange. Net asset value per share is computed by dividing the value of the Portfolio's net assets (i.e., the value of its assets less liabilities) by the total number of such Portfolio's shares outstanding. Each Portfolio's investments are valued based on market value or, where market quotations are not readily available, based on fair value as determined in good faith by the Fund's Board of Directors. For further information regarding the methods employed in valuing the Portfolios' investments, see "Determination of Net Asset Value" in the Fund's Statement of Additional Information.

Federal regulations require that you provide a certified TIN upon opening or reopening an account. See "Dividends, Distributions and Taxes" and the Fund's Account Application for further information concerning this requirement. Failure to furnish a certified TIN to the Fund could subject you to a \$50 penalty imposed by the Internal Revenue Service (the "IRS").

DREYFUS TELETRANSFER PRIVILEGE

You may purchase Portfolio shares (minimum \$500, maximum \$150,000 per day) by telephone if you have checked the appropriate box and supplied the necessary information on the Fund's Account Application or have filed an Optional Services Form with the Transfer Agent. The proceeds will be transferred between the bank account designated in one of these documents and your Fund account. Only a bank account maintained in a domestic financial institution which is an Automated Clearing House member may be so designated. The Fund may modify or terminate this Privilege at any time or charge a service fee upon notice to shareholders. No such fee currently is contemplated.

If you have selected the Dreyfus TELETRANSFER Privilege, you may request a Dreyfus TELETRANSFER purchase by telephoning 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306.

#### SHAREHOLDER SERVICES

The services and privileges described under this heading may not be available to clients of certain Service Agents and some Service Agents may impose certain conditions on their clients which are different from those in this Prospectus. You should consult your Service Agent in this regard.

EXCHANGE PRIVILEGE

The Exchange Privilege enables you to purchase, in exchange for shares of a Portfolio, shares in one of the other Portfolios or shares of certain other funds managed or administered by The Dreyfus Corporation, to the extent such shares are offered for sale in your state of residence. These funds have different investment objectives which may be of interest to you. The exchange privilege may be exercised twice during the calendar year as described below. If you desire to use this Privilege, you should consult your Service Agent or Dreyfus Service Corporation to determine if it is available and whether any other conditions are imposed on its use.

To use this Privilege, you must give exchange instructions to the Transfer Agent in writing, by wire or by telephone. If you previously have established the Telephone Exchange Privilege, you may telephone exchange instructions by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. See "How to Redeem Fund Shares - Procedures." Before any exchange, you must obtain and should review a copy of the current prospectus of the fund into which the exchange is being made. Prospectuses may be obtained from Dreyfus Service Corporation. Except in the case of Personal Retirement Plans, the shares being exchanged must have a current value of at least \$500; furthermore, when establishing a new account by exchange, the shares being exchanged must have a value of at least the minimum initial investment required for the fund into which the exchange is being made. Telephone exchanges may be made only if the appropriate "YES" box has been checked on the Account Application, or a separate signed Optional Services Form is on file with the Transfer Agent. Upon an exchange into a new account, the following shareholder services and privileges, as

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applicable and where available, will be automatically carried over to the fund into which the exchange is made: Exchange Privilege, Wire Redemption Privilege, Telephone Redemption Privilege, Dreyfus TELETRANSFER Privilege and the dividend/capital gain distribution option (except for the Dreyfus Dividend Sweep Privilege) selected by the investor.

Shares will be exchanged at the next determined net asset value; however, a sales load may be charged with respect to exchanges into funds sold with a sales load. If you are exchanging into a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load, if the shares of the fund from which you are exchanging were: (a) purchased with a sales load, (b) acquired by a previous exchange from shares purchased with a sales load, or (c) acquired through reinvestment of dividends or distributions paid with respect to the foregoing categories of shares. To qualify, at the time of your exchange you must notify the Transfer Agent or your Service Agent must notify Dreyfus Service Corporation. Any such qualification is subject to confirmation of your holdings through a check of appropriate records. See "Shareholder Services" in the Statement of Additional Information. No fees currently are charged shareholders directly in connection with exchanges, although the Fund reserves the right, upon not less than 60 days' written notice, to charge shareholders a nominal fee in accordance with rules promulgated by the Securities and Exchange Commission. The Fund reserves the right to reject any exchange request in whole or in part. The Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

The exchange of shares of one fund for shares of another is treated for Federal income tax purposes as a sale of the shares given in exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss.

#### DREYFUS AUTO-EXCHANGE PRIVILEGE

Dreyfus Auto-Exchange Privilege enables you to invest regularly (on a semi-monthly, monthly, quarterly or annual basis), in exchange for shares of a Portfolio, in shares of one of the other Portfolios or shares of certain

other funds in the Dreyfus Family of Funds of which you are currently an investor. The amount you designate, which can be expressed either in terms of a specific dollar or share amount (\$100 minimum), will be exchanged automatically on the first and/or fifteenth day of the month according to the schedule you have selected. Shares will be exchanged at the then-current net asset value; however, a sales load may be charged with respect to exchanges into funds sold with a sales load. See "Shareholder Services" in the Statement of Additional Information. The right to exercise this Privilege may be modified or canceled by the Fund or the Transfer Agent. You may modify or cancel your exercise of this Privilege at any time by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. The Fund may charge a service fee for the use of this Privilege. No such fee currently is contemplated. The exchange of shares of one fund for shares of another is treated for Federal income tax purposes as a sale of the shares given in exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss. For more information concerning this Privilege and the funds in the Dreyfus Family of Funds eligible to participate in this Privilege, or to obtain a Dreyfus Auto-Exchange Authorization Form, please call toll free 1-800-645-6561. DREYFUS-AUTOMATIC ASSET BUILDER

Dreyfus-AUTOMATIC Asset Builder permits you to purchase Portfolio shares (minimum of \$100 and maximum of \$150,000 per transaction) at regular intervals selected by you. Portfolio shares are purchased by transferring funds from the bank account designated by you. At your option, the account designated by you will be debited in the specified amount, and Portfolio shares will be purchased, once a month, on either the first or fifteenth day, or twice a month, on both days. Only an account maintained at a domestic financial institution which is an Automated Clearing House member may be so designated. To establish a Dreyfus-AUTOMATIC Asset Builder account, you must file an authorization form with the Transfer Agent. You may obtain the necessary authorization form from Dreyfus Service Corporation. You may cancel your participation in this Privilege or change the amount of purchase at any time by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671, or, if for Dreyfus retire-

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ment plan accounts, to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427, and the notification will be effective three business days following receipt. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

#### DREYFUS GOVERNMENT DIRECT DEPOSIT PRIVILEGE

Dreyfus Government Direct Deposit Privilege enables you to purchase Portfolio shares (minimum of \$100 and maximum of \$50,000 per transaction) by having Federal salary, Social Security, or certain veterans', military or other payments from the Federal government automatically deposited into your Fund account. You may deposit as much of such payments as you elect. To enroll in Dreyfus Government Direct

Deposit, you must file with the Transfer Agent a completed Direct Deposit Sign-Up Form for each type of payment that you desire to include in the Privilege. The appropriate form may be obtained from Dreyfus Service Corporation. Death or legal incapacity will terminate your participation in this Privilege. You may elect at any time to terminate your participation by notifying in writing the appropriate Federal agency. Further, the Fund may terminate your participation upon 30 days' notice to you.

DREYFUS DIVIDEND SWEEP PRIVILEGE

Dreyfus Dividend Sweep Privilege enables you to invest automatically dividends or dividends and capital gain distributions, if any, paid by a Portfolio in shares of another Portfolio of the Fund or shares of another fund in the Dreyfus Family of Funds of which you are a shareholder. Shares of the other fund will be purchased at the then-current net asset value; however, a sales load may be charged with respect to investments in shares of a fund sold with a sales load. If you are investing in a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load. If you are investing in a fund that charges a contingent deferred sales charge, the shares purchased will be subject on redemption to the contingent deferred sales charge, if any, applicable to the purchased shares. See "Shareholder Services" in the Statement of Additional Information. For more information concerning this Privilege and the funds in the Dreyfus Family of Funds eligible to participate in this Privilege, or to request a Dividend Sweep Authorization Form, please call toll free 1-800-645-6561. You may cancel this Privilege by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. To select a new fund after cancellation, you must submit a new authorization form. Enrollment in or cancellation of this Privilege is effective three business days following receipt. This Privilege is available only for existing accounts and may not be used to open new accounts. Minimum subsequent investments do not apply. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated. Shares held under Keogh Plans, IRAs or other retirement plans are not eligible for this Privilege.

#### DREYFUS PAYROLL SAVINGS PLAN

Dreyfus Payroll Savings Plan permits you to purchase Portfolio shares (minimum of \$100 per transaction) automatically on a regular basis. Depending upon your employer's direct deposit program, you may have part or all of your paycheck transferred to your existing Dreyfus account electronically through the Automated Clearing House system at each pay period. To establish a Dreyfus Payroll Savings Plan account, you must file an authorization form with your employer's payroll department. Your employer must complete the reverse side of the form and return it to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. You may obtain the necessary authorization form from Dreyfus Service Corporation. You may change the amount of purchase or cancel the authorization only by written notification to your employer. It is the sole responsibility of your employer, not Dreyfus Service Corporation, The



Dreyfus Corporation, the Fund, the Transfer Agent or any other person, to arrange for transactions under the Dreyfus Payroll Savings Plan. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

#### AUTOMATIC WITHDRAWAL PLAN

The Automatic Withdrawal Plan permits you to request withdrawal of a specified dollar amount (minimum of \$50) on either a monthly or quarterly basis if you have a \$5,000 minimum account. An application for the Automatic Withdrawal Plan can be obtained from Dreyfus Service Corporation. There is a service charge of 50 cents for each withdrawal check. The Automatic Withdrawal Plan may be ended at any time by you, the Fund or the Transfer Agent. Shares for which certificates have been issued may not be redeemed through the Automatic Withdrawal Plan.

#### RETIREMENT PLANS

The Fund offers a variety of pension and profit-sharing plans, including Keogh Plans, IRAs, SEP-IRAs and IRA "Rollover Accounts," 401(k) Salary Reduction Plans and 403(b)(7) Plans. Plan support services also are available. For details, please contact Dreyfus Group Retirement Plans, a division of Dreyfus Service Corporation, by calling toll free 1-800-358-5566.

#### HOW TO REDEEM FUND SHARES

#### GENERAL

You may request redemption of your shares at any time. Redemption requests should be transmitted to the Transfer Agent as described below. When a request is received in proper form, the Fund will redeem the shares at the next determined net asset value.

The Fund imposes no charges when shares are redeemed directly through Dreyfus Service Corporation. Service Agents may charge a nominal fee for effecting redemptions of Portfolio shares. Any certificates representing Portfolio shares being redeemed must be submitted with the redemption request. The value of the shares redeemed may be more or less than their original cost, depending upon the Portfolio's then-current net asset value. The

Fund ordinarily will make payment for all shares redeemed within seven days after receipt by the Transfer Agent of a redemption request in proper form, except as provided by the rules of the Securities and Exchange Commission. HOWEVER, IF YOU HAVE PURCHASED FUND SHARES BY CHECK, BY DREYFUS TELETRANSFER PRIVILEGE OR THROUGH DREYFUS-AUTOMATIC ASSET BUILDER AND SUBSEQUENTLY SUBMIT A WRITTEN REDEMPTION REQUEST TO THE TRANSFER AGENT, THE REDEMPTION PROCEEDS WILL BE TRANSMITTED TO YOU PROMPTLY UPON BANK CLEARANCE OF YOUR PURCHASE CHECK, DREYFUS TELETRANSFER PURCHASE OR DREYFUS-AUTOMATIC ASSET BUILDER ORDER, WHICH MAY TAKE UP TO EIGHT BUSINESS DAYS OR MORE. IN ADDITION, THE FUND WILL REJECT REQUESTS TO REDEEM SHARES BY WIRE OR TELEPHONE OR PURSUANT TO THE DREYFUS TELETRANSFER PRIVILEGE FOR A PERIOD OF EIGHT BUSINESS DAYS AFTER RECEIPT BY THE TRANSFER AGENT OF THE PURCHASE CHECK, THE DREYFUS TELETRANSFER PURCHASE OR THE DREYFUS-AUTOMATIC ASSET BUILDER ORDER AGAINST WHICH SUCH REDEMPTION IS REQUESTED. THESE PROCEDURES WILL NOT APPLY IF YOUR SHARES WERE PURCHASED BY WIRE PAYMENT, OR IF YOU OTHERWISE HAVE A SUFFICIENT COLLECTED BALANCE IN YOUR ACCOUNT TO COVER THE REDEMPTION REQUEST. PRIOR TO THE TIME



ANY REDEMPTION IS EFFECTIVE, DIVIDENDS ON SUCH SHARES WILL ACCRUE AND BE PAYABLE, AND YOU WILL BE ENTITLED TO EXERCISE ALL OTHER RIGHTS OF BENEFICIAL OWNERSHIP. Fund shares will not be redeemed until the Transfer Agent has received your Account Application.

The Fund reserves the right to redeem your account at its option upon not less than 45 days' written notice if your account's net asset value is \$500 or less and remains so during the notice period.

#### PROCEDURES

You may redeem shares by using the regular redemption procedure through the Transfer Agent, through the Wire Redemption Privilege, through the Telephone Redemption Privilege, or through the Dreyfus TELETRANSFER Privilege. Other redemption procedures may be in effect for clients of certain Service Agents. The Fund makes available to certain large clients of certain compatible computer facilities.

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In addition, Dreyfus Service Corporation will accept orders from dealers with which it has sales agreements for the repurchase of shares held by investors. Repurchase orders received by the dealer prior to the close of trading on the floor of the New York Stock Exchange on any business day and transmitted to Dreyfus Service Corporation prior to the close of its business day (normally 5:15 p.m., New York time) are effected at the price determined as of the close of trading on the floor of the New York Stock Exchange on that day. Otherwise, the shares will be redeemed at the next determined net asset value. It is the responsibility of the dealer to transmit orders on a timely basis. The dealer may charge the investor a fee for executing the order. This repurchase arrangement is discretionary and may be withdrawn at any time.

You may redeem or exchange shares by telephone if you have checked the appropriate box on the Fund's Account Application or have filed an Optional Services Form with the Transfer Agent. If you select a telephone redemption or exchange privilege, you authorize the Transfer Agent to act on telephone instructions from any person representing himself or herself to be you, or a representative of your Service Agent, and reasonably believed by the Transfer Agent to be genuine. The Fund will require the Transfer Agent to employ reasonable procedures, such as requiring a form of personal identification, to confirm that instructions are genuine and, if it does not follow such procedures, the Fund or the Transfer Agent may be liable for any losses due to unauthorized or fraudulent instructions. Neither the Fund nor the Transfer Agent will be liable for following telephone instructions reasonably believed to be genuine.

During times of drastic economic or market conditions, you may experience difficulty in contacting the Transfer Agent by telephone to request a redemption or exchange of a Portfolio's shares. In such cases, you should consider using the other redemption procedures described herein. Use of these other redemption procedures may result in your redemption request being processed at a later time than it would have been if telephone redemption had been used. During the delay, such Portfolio's net asset value may fluctuate.

REGULAR REDEMPTION - Under the regular redemption procedure, you may redeem shares by written request mailed to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. Redemption requests may be delivered in person only to a Dreyfus Financial Center. THESE REQUESTS WILL BE FORWARDED TO THE FUND AND WILL BE PROCESSED ONLY UPON RECEIPT THEREBY. For the location of the nearest Dreyfus Financial Center, please call one of the telephone numbers listed under "General Information." Redemption requests must be signed by each shareholder, including each owner of a joint account, and each signature must be guaranteed. The Transfer Agent has adopted standards and procedures pursuant to which signature-guarantees in proper form generally will be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program, the Securities Transfer Agents Medallion Program ("STAMP") and the Stock Exchanges Medallion Program. If you have any questions with respect to signature-guarantees, please call one of the telephone numbers listed under "General Information."

Redemption proceeds of at least \$1,000 will be wired to any member bank of the Federal Reserve System in accordance with a written signature-guaranteed request.

WIRE REDEMPTION PRIVILEGE - You may request by wire or telephone that redemption proceeds (minimum \$1,000) be wired to your account at a bank which is a member of the Federal Reserve System, or a correspondent bank if your bank is not a member. To establish the Wire Redemption Privilege, you must check the appropriate box and supply the necessary information on the Fund's Account Application or file an Optional Services Form with the Transfer Agent. You may direct that redemption proceeds be paid by check (maximum \$150,000 per day) made out to the owners of record and mailed to your address. Redemption proceeds of less than \$1,000 will be paid automatically by check. Holders of jointly registered Fund or bank accounts may have redemption proceeds of only up to \$250,000 wired within any 30-day period. You may telephone redemption requests by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. The Fund reserves the right to refuse any redemption request, including requests made shortly after a change of address, and may limit the amount involved or the number of such requests. This Privilege may be modified or termi-

nated at any time by the Transfer Agent or the Fund. The Fund's Statement of Additional Information sets forth instructions for transmitting redemption requests by wire. Shares held under Keogh Plans, IRAs or other retirement plans, and shares for which certificates have been issued, are not eligible for this Privilege.

TELEPHONE REDEMPTION PRIVILEGE - You may redeem Fund shares (maximum \$150,000 per day) by telephone if you have checked the appropriate box on the Fund's Account Application or have filed an Optional Services Form with the Transfer Agent. The redemption proceeds will be paid by check and mailed to your address. You may telephone redemption instructions by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. The Fund reserves the right to refuse any request made by telephone, including requests made shortly after a change of address, and may limit the amount involved or the number of telephone redemption requests. This Privilege may be modified or terminated at any time by the Transfer Agent or the Fund. Shares held under Keogh Plans, IRAs or other retirement plans, and shares for which certificates have been issued, are not eligible for this Privilege.

DREYFUS TELETRANSFER PRIVILEGE - You may redeem shares (minimum \$500 per day) by telephone if you have checked the appropriate box and supplied the necessary information on the Fund's Account Application or have filed an Optional Services Form with the Transfer Agent. The proceeds will be transferred between your Fund account and the bank account designated in one of these documents. Only such an account maintained in a domestic financial institution which is an Automated Clearing House member may be so designated. Redemption proceeds will be on deposit in your account at an Automated Clearing House member bank ordinarily two days after receipt of the redemption request or, at your request, paid by check (maximum \$150,000 per day) and mailed to your address. Holders of jointly registered Fund or bank accounts may redeem through the Dreyfus TELETRANSFER Privilege for transfer to their bank account only up to \$250,000 within any 30-day period. The Fund reserves the right to refuse any request made by telephone, including requests made shortly after a change of address, and may limit the amount involved or the number of such requests. The Fund may modify or terminate this Privilege at any time or charge a service fee upon notice to shareholders. No such fee currently is contemplated.

If you have selected the Dreyfus TELETRANSFER Privilege, you may request a Dreyfus TELETRANSFER redemption by telephoning 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. Shares held under Keogh Plans, IRAs or other retirement plans, and shares issued in certificate form, are not eligible for this Privilege.

#### DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

Portfolio shares are subject to a Distribution Plan and a Shareholder Services Plan.

DISTRIBUTION PLAN - Under the Distribution Plan, adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund pays Dreyfus Service Corporation for advertising, marketing and distributing Portfolio shares at an annual rate of .50 of 1% of the value of each Portfolio's average daily net assets. Under the Distribution Plan, Dreyfus Service Corporation may make payments to Service Agents in respect of these services. Dreyfus Service Corporation determines the amounts to be paid to Service Agents. Service Agents receive such fees in respect of the

average daily value of Portfolio shares owned by their clients. From time to time, Dreyfus Service Corporation may defer or waive receipt of fees under the Distribution Plan while retaining the ability to be paid by the Fund under the Distribution Plan thereafter. The fees payable to Dreyfus Service Corporation under the Distribution Plan for advertising, marketing and distributing Portfolio shares and for payments to Service Agents are payable without regard to actual expenses incurred.

The Fund bears the costs of preparing and printing prospectuses and statements of additional information used for regulatory purposes and for distribution to existing Fund shareholders. Under the Distribution Plan, the Fund bears (a) the costs of preparing, printing and distributing prospectuses and statements of additional information used for other purposes and (b) the costs associated with implementing and operating the Distribution Plan, the aggregate of such amounts not to exceed in any fiscal year of the Fund the greater of \$100,000 or .005 of 1% of the value of each Portfolio's average daily net assets for such fiscal year.

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SHAREHOLDER SERVICES PLAN - Under the Shareholder Services Plan, the Fund pays Dreyfus Service Corporation for the provision of certain services to Portfolio shareholders a fee at the annual rate of .25 of 1% of the value of each Portfolio's average daily net assets. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the Fund and providing reports and other information, and services related to the maintenance of shareholder accounts. Dreyfus Service Corporation may make payments to Service Agents in respect of these services. Dreyfus Service Corporation determines the amounts to be paid to Service Agents. Each Service Agent is required to disclose to its clients any compensation payable to it by the Fund pursuant to the Shareholder Services Plan and any other compensation payable by their clients in connection with the investment of their assets in Portfolio shares.

#### DIVIDENDS, DISTRIBUTIONS AND TAXES

Under the Internal Revenue Code of 1986, as amended (the "Code"), each Portfolio of the Fund is treated as a separate corporation for purposes of qualification and taxation as a regulated investment company. Each Portfolio ordinarily pays dividends from its net investment income and distributes net realized securities gains, if any, once a year, but it may make distributions on a more frequent basis to comply with the distribution requirements of the Code, in all events in a manner consistent with the provisions of the Investment Company Act of 1940. The Fund will not make distributions from net realized securities gains unless capital loss carryovers, if any, have been utilized or have expired. You may choose whether to receive dividends and distributions in cash or to reinvest in additional shares at net asset value. All expenses are accrued daily and deducted before declaration of dividends to investors.

Dividends derived from net investment income, together with distributions from net realized short-term securities gains and gains from the sale or disposition of market discount bonds, paid by the Portfolios will be taxable to U.S. shareholders as ordinary income whether received in cash or reinvested in additional shares. Distributions from net realized long-term securities gains of the Portfolios will be taxable to

U.S. shareholders as long-term capital gains for Federal income tax purposes, regardless of how long shareholders have held their Portfolio shares and whether such distributions are received in cash or reinvested in Fund shares. The Code provides that the net capital gain of an individual generally will not be subject to Federal income tax at a rate in excess of 28%. Dividends and distributions may be subject to state and local taxes.

Dividends derived from net investment income, together with distributions from net realized short-term securities gains and gains from the sale or disposition of market discount bonds, paid by the Portfolios to a foreign investor generally are subject to U.S. nonresident withholding taxes at the rate of 30%, unless the foreign investor claims the benefit of a lower rate specified in a tax treaty. Distributions from net realized long-term securities gains paid by the Portfolios to a foreign investor as well as the proceeds of any redemptions from a foreign investor's account, regardless of the extent to which gain or loss may be realized, generally will not be subject to U.S. nonresident withholding tax. However, such distributions may be subject to backup withholding, as described below, unless the foreign investor certifies his non-U.S. residency status.

Notice as to the tax status of your dividends and distributions will be mailed to you annually. You also will receive periodic summaries of your account which will include information as to dividends and distributions from securities gains, if any, paid during the year.

Federal regulations generally require the Fund to withhold ("backup withholding") and remit to the U.S. Treasury 31% of dividends, distributions from net realized securities gains and the proceeds of any redemption, regardless of the extent to which gain or loss may be realized, paid to a shareholder if such shareholder fails to certify either that the TIN furnished in connection with opening an account is correct or that such shareholder has not received notice from the IRS of being subject to backup withholding as a result of a failure to properly report taxable dividend or interest income on a Federal income tax return. Furthermore, the IRS may notify the Fund to institute backup withholding if the IRS determines a shareholder's TIN is incorrect or if a shareholder has failed to properly report taxable dividend and interest income on a Federal income tax return.

A TIN is either the Social Security number or employer identification number of the record owner of the

account. Any tax withheld as a result of backup withholding does not constitute an additional tax imposed on the record owner of the account, and may be claimed as a credit on the record owner's Federal income tax return.

It is expected that each Portfolio will qualify as a "regulated investment company" under the Code so long as such qualification is in the best interests of its shareholders. Such qualification relieves the Portfolio of any liability for Federal income tax to the extent its earnings are distributed in accordance with applicable provisions of the Code. In addition, each Portfolio is subject to a non-deductible 4% excise tax, measured with respect to certain undistributed amounts of taxable investment income and capital gains.

You should consult your tax adviser regarding specific questions as to

Federal, state or local taxes.

#### PERFORMANCE INFORMATION

For purposes of advertising, performance will be calculated on the basis of average annual total return. Advertisements also may include performance calculated on the basis of total return.

Average annual total return is calculated pursuant to a standardized formula which assumes that an investment in the Portfolios was purchased with an initial payment of \$1,000 and that the investment was redeemed at the end of a stated period of time, after giving effect to the reinvestment of dividends and distributions during the period. The return is expressed as a percentage rate which, if applied on a compounded annual basis, would result in the redeemable value of the investment at the end of the period. Advertisements of each Portfolio's performance will include such Portfolio's average annual total return for one, five and ten year periods, or for shorter periods depending upon the length of time during which the Portfolio has operated. Computations of average annual total return for periods of less than one year represent an annualization of the Portfolio's actual total return for the applicable period.

Total return is computed on a per share basis and assumes the reinvestment of dividends and distributions. Total return generally is expressed as a percentage rate which is calculated by combining the income and principal changes for a specified period and dividing by the net asset value per share at the beginning of the period. Advertisements may include the percentage rate of total return or may include the value of a hypothetical investment at the end of the period which assumes the application of the percentage rate of total return.

Performance will vary from time to time and past results are not necessarily representative of future results. You should remember that performance is a function of portfolio management in selecting the type and quality of portfolio securities and is affected by operating expenses. Performance information, such as that described above, may not provide a basis for comparison with other investments or other investment companies using a different method of calculating performance.

Comparative performance information may be used from time to time in advertising or marketing the Fund's shares, including data from Lipper Analytical Services, Inc., Standard & Poor's 500 Composite Stock Price Index, Wilshire 5000 Index, the Dow Jones Industrial Average, MONEY MAGAZINE, Morningstar, Inc. and other industry publications.

#### GENERAL INFORMATION

The Fund was incorporated under Maryland law on November 16, 1993, and has not engaged in active business to the date of this Prospectus. The Fund is authorized to issue 400 million shares of Common Stock (with 100 million allocated to each Portfolio), par value \$.001 per share. Each share has one vote.

Unless otherwise required by the Investment Company Act of 1940, ordinarily it will not be necessary for the Fund to hold annual meetings of shareholders. As a result, Fund shareholders may not consider each year the election of Directors or the appointment of auditors. However, pursuant to the Fund's By-Laws, the holders of at least 10% of the shares outstanding and entitled to vote may require the Fund to hold a special meeting of shareholders for purposes of removing a Director from office or for any other purpose. Fund shareholders may remove a Director by the affirmative vote of a majority of the Fund's outstanding voting shares. In



addition, the Board of Directors will call a meeting of shareholders for the purpose of electing Directors if, at any time, less than a majority of the Directors then holding office have been elected by shareholders.

To date, the Board of Directors has authorized the creation of four series of shares. All consideration

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received by the Fund for shares of one of the Portfolios and all assets in which such consideration is invested will belong to that Portfolio (subject only to the rights of creditors of the Fund) and will be subject to the liabilities related thereto. The income attributable to, and the expenses of, one Portfolio are treated separately from those of the other Portfolios. The Fund has the ability to create, from time to time, new series without shareholder approval.

Rule 18f-2 under the Investment Company Act of 1940 provides that any matter required to be submitted under the provisions of the Investment Company Act of 1940 or applicable state law or otherwise to the holders of the outstanding voting securities of an investment company, such as the Fund, will not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding shares of each Portfolio affected by such matter. Rule 18f-2 further provides that a Portfolio shall be deemed to be affected by a matter unless it is clear that the interests of each Portfolio in the matter are identical or that the matter does not affect any interest of such Portfolio. However, the Rule exempts the selection of independent accountants and the election of Directors from the separate voting requirements of the Rule.

The Transfer Agent maintains a record of your ownership and sends you confirmations and statements of account.

Shareholder inquiries may be made to your Service Agent or by writing to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or by calling toll free, 1-800-645-6561. In New York City, call 1-718-895-1206 (elsewhere in New York State, call collect); on Long Island, call 794-5200.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE FUND'S OFFICIAL SALES LITERATURE IN CONNECTION WITH THE OFFER OF THE FUND'S SHARES, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER IN ANY STATE IN WHICH, OR TO ANY PERSON TO WHOM, SUCH OFFERING MAY NOT LAWFULLY BE MADE.

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DREYFUS FOCUS FUNDS, INC.  
PART B  
(STATEMENT OF ADDITIONAL INFORMATION)  
DECEMBER 23, 1993

This Statement of Additional Information, which is not a prospectus, supplements and should be read in conjunction with the current Prospectus of



Dreyfus Focus Funds, Inc. (the "Fund"), dated December 23, 1993, as it may be revised from time to time. To obtain a copy of the Fund's Prospectus, please write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or call the following numbers:

Outside New York State -- Call Toll Free 1-800-645-6561  
In New York City -- Call 1-718-895-1206  
(Outside New York City -- Call Collect)  
On Long Island -- Call 794-5200

The Dreyfus Corporation (the "Manager") serves as the Fund's investment adviser.

Dreyfus Service Corporation (the "Distributor"), a wholly-owned subsidiary of Dreyfus, is the distributor of the Fund's shares.

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#### INVESTMENT OBJECTIVE AND MANAGEMENT POLICIES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Description of the Fund."

##### Portfolio Securities

Bank Obligations. Domestic commercial banks organized under Federal law are supervised and examined by the Comptroller of the Currency and are required to be members of the Federal Reserve System and to have their deposits insured by the Federal Deposit Insurance Corporation (the "FDIC"). Domestic banks organized under state law are supervised and examined by state banking authorities but are members of the Federal Reserve System only if they elect to join. In addition, state banks whose certificates of deposit ("CDs") may be purchased by each Portfolio are insured by the FDIC (although such insurance may not be of material benefit to the Fund, depending on the

principal amount of the CDs of each bank held by the Fund) and are subject to Federal examination and to a substantial body of Federal law and regulation. As a result of Federal or state laws and regulations, domestic branches of domestic banks whose CDs may be purchased by the Portfolios generally are required, among other things, to maintain specified levels of reserves, are limited in the amounts which they can loan to a single borrower and are subject to other regulation designed to promote financial soundness. However, not all of such laws and regulations apply to the foreign branches of domestic banks.

Obligations of foreign branches of domestic banks, foreign subsidiaries of domestic banks and domestic and foreign branches of foreign banks, such as CDs and time deposits ("TDs"), may be general obligations of the parent banks in addition to the issuing branch, or may be limited by the terms of a specific obligation and governmental regulation. Such obligations are subject to different risks than are those of domestic banks. These risks include foreign economic and political developments, foreign governmental restrictions that may adversely affect payment of principal and interest on the obligations, foreign exchange controls and foreign withholding and other taxes on interest income. These foreign branches and subsidiaries are not necessarily subject to the same or similar regulatory requirements that apply to domestic banks, such as mandatory reserve requirements, loan limitations, and accounting, auditing and financial record keeping requirements. In addition, less information may be publicly available about a foreign branch of a domestic bank or about a foreign bank than about a domestic bank.

Obligations of United States branches of foreign banks may be general obligations of the parent bank in addition to the issuing branch, or may be limited by the terms of a specific obligation or by Federal or state regulation as well as governmental action in the country in which the foreign bank has its head office. A domestic branch of a foreign bank with assets in excess of \$1 billion may be subject to reserve requirements imposed by the Federal Reserve System or by the state in which the branch is located if the branch is licensed in that state.

In addition, Federal branches licensed by the Comptroller of the Currency and branches licensed by certain states ("State Branches") may be required to:

(1) pledge to the regulator, by depositing assets with a designated bank within the state, a certain percentage of their assets as fixed from time to time by the appropriate regulatory authority; and (2) maintain assets within the state in an amount equal to a specified percentage of the aggregate amount of liabilities of the foreign bank payable at or through all of its agencies or branches within the state. The deposits of Federal and State Branches generally must be insured by the FDIC if such branches take deposits of less than \$100,000.

In view of the foregoing factors associated with the purchase of CDs and TDs issued by foreign branches of domestic banks, by foreign subsidiaries of domestic banks, by foreign branches of foreign banks or by domestic branches of foreign banks, the Manager carefully evaluates such investments on a case-by-case basis.

## Management Policies

Each Portfolio may engage in the following practices in furtherance of its objective.

**Options Transactions.** Each Portfolio may engage in options transactions, such as purchasing or writing covered call or put options. The principal reason for writing covered call options is to realize, through the receipt of premiums, a greater return than would be realized on the Portfolio's securities alone. In return for a premium, the writer of a covered call option forfeits the right to any appreciation in the value of the underlying security above the strike price for the life of the option (or until a closing purchase transaction can be effected). Nevertheless, the call writer retains the risk of a decline in the price of the underlying security. Similarly, the principal reason for writing covered put options is to realize income in the form of premiums. The writer of a covered put option accepts the risk of a decline in the price of the underlying security. The size of the premiums that the Portfolios may receive may be adversely affected as new or existing institutions, including other investment companies, engage in or increase their option-writing activities.

Options written ordinarily will have expiration dates between one and nine months from the date written. The exercise price of the options may be below, equal to or above the market values of the underlying securities at the time the options are written. In the case of call options, these exercise prices are referred to as "in-the-money," "at-the-money" and "out-of-the-money," respectively. Each Portfolio may write (a) in-the-money call options when the Manager expects that the price of the underlying security will remain stable or decline moderately during the option period, (b) at-the-money call options when the Manager expects that the price of the underlying security will remain stable or advance moderately during the option period and (c) out-of-the-money call options when the Manager expects that the premiums received from writing the call option plus the appreciation in market price of the underlying security up to the exercise price will be greater than the appreciation in the price of the underlying security alone. In these circumstances, if the market price of the underlying security declines and the security is sold at this lower price, the amount of any realized loss will be offset wholly or in part by the premium received. Out-of-the-money, at-the-money and in-the-money put options (the reverse of call options as to the relation of exercise price to market price) may be utilized in the same market environments that such call options are used in equivalent transactions.

So long as the Portfolio's obligation as the writer of an option continues, the Portfolio may be assigned an exercise notice by the broker-dealer through which the option was sold, requiring the Portfolio to deliver, in the case of a call, or take delivery of, in the case of a put, the underlying security against payment of the exercise price. This obligation terminates when the option expires or the Portfolio effects a closing purchase transaction. The Portfolio can no longer effect a closing purchase transaction with respect to an option once it has been assigned an exercise notice.

While it may choose to do otherwise, each Portfolio generally will purchase or write only those options for which the Manager believes there is an active secondary market so as to facilitate closing transactions. There is no assurance that sufficient trading interest to create a liquid secondary market on a securities exchange will exist for any particular option or at any particular time, and for some options no such secondary market may exist. A liquid secondary market in an option may cease to exist for a variety of reasons. In the past, for example, higher than anticipated trading activity or order flow, or other unforeseen events, at times have rendered certain clearing facilities inadequate and resulted in the institution of special procedures, such as trading rotations, restrictions on certain types of orders or trading halts or suspensions in one or more options. There can be no assurance that similar events, or events that otherwise may interfere with the timely execution of customers' orders, will not recur. In such event, it might not be possible to effect closing transactions in particular options. If as a covered call option writer a Portfolio is unable to effect a closing purchase transaction in a secondary market, it will not be able to sell the underlying security until the option expires or it delivers the underlying security upon exercise or it otherwise covers its position.

**Stock Index Options.** Each Portfolio may purchase and write put and call options on stock indexes listed on U.S. or foreign securities exchanges or traded in the over-the-counter market. A stock index fluctuates with changes in the market values of the stocks included in the index.

Options on stock indexes are similar to options on stock except that (a) the expiration cycles of stock index options are generally monthly, while those of stock options are currently quarterly, and (b) the delivery requirements are different. Instead of giving the right to take or make delivery of a stock at a specified price, an option on a stock index gives the holder the right to receive a cash "exercise settlement amount" equal to (i) the amount, if any, by which the fixed exercise price of the option exceeds (in the case of a put) or is less than (in the case of a call) the closing value of the underlying index on the date of exercise, multiplied by (ii) a fixed "index multiplier." Receipt of this cash amount will depend upon the closing level of the stock index upon which the option is based being greater than, in the case of a call, or less than, in the case of a put, the exercise price of the option. The amount of cash received will be equal to such difference between the closing price of the index and the exercise price of the option expressed in dollars times a specified multiple. The writer of the option is obligated, in return for the premium received, to make delivery of this amount. The writer may offset its position in stock index options prior to expiration by entering into a closing transaction on an exchange or it may let the option expire unexercised.

**Futures Contracts and Options on Futures Contracts.** Upon exercise of an option, the writer of the option will deliver to the holder of the option the futures position and the accumulated balance in the writer's futures margin account, which represents the amount by which the market price of the futures contract exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract. The potential loss related to the purchase of options on futures contracts is limited to the premium paid for the option (plus transaction costs). Because the value of

the option is fixed at the time of sale, there are no daily cash payments to reflect changes in the value of the underlying contract; however, the value of the option does change daily and that change would be reflected in the net asset value of the Portfolio.

Foreign Currency Transactions. If a Portfolio enters into a currency transaction, it will deposit, if so required by applicable regulations, with its custodian cash or readily marketable securities in a segregated account of the Portfolio in an amount at least equal to the value of the Portfolio's total assets committed to the consummation of the forward contract. If the value of the securities placed in the segregated account declines, additional cash or securities will be placed in the account so that the value of the account will equal the amount of the Portfolio's commitment with respect to the contract.

At or before the maturity of a forward contract, the Portfolio either may sell a security and make delivery of the currency, or retain the security and offset its contractual obligation to deliver the currency by purchasing a second contract pursuant to which the Portfolio will obtain, on the same maturity date, the same amount of the currency which it is obligated to deliver. If the Portfolio retains the portfolio security and engages in an offsetting transaction, the Portfolio, at the time of execution of the offsetting transaction, will incur a gain or loss to the extent movement has occurred in forward contract prices. Should forward prices decline during the period between the Portfolio's entering into a forward contract for the sale of a currency and the date it enters into an offsetting contract for the purchase of the currency, the Portfolio will realize a gain to the extent the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to purchase. Should forward prices increase, the Portfolio will suffer a loss to the extent the price of the currency it has agreed to purchase exceeds the price of the currency it has agreed to sell.

The cost to a Portfolio of engaging in currency transactions varies with factors such as the currency involved, the length of the contract period and the market conditions then prevailing. Because transactions in currency exchange usually are conducted on a principal basis, no fees or commissions are involved. The use of forward currency exchange contracts does not eliminate fluctuations in the underlying prices of the securities, but it does establish a rate of exchange that can be achieved in the future. If a devaluation generally is anticipated, the Portfolio may not be able to contract to sell the currency at a price above the devaluation level it anticipates. The requirements for qualification as a regulated investment company under the Internal Revenue Code of 1986, as amended (the "Code"), may cause the Portfolios to restrict the degree to which they engage in currency transactions. See "Dividends, Distributions and Taxes."

Lending Portfolio Securities. To a limited extent, each Portfolio may lend its portfolio securities to brokers, dealers and other financial institutions, provided it receives cash collateral which at all times is maintained in an amount equal to at least 100% of the current market value of the securities loaned. By lending its securities, the Portfolio can increase its income through the investment of the cash collateral. For purposes of this policy, the Fund considers collateral consisting of U.S. Government

securities or irrevocable letters of credit issued by banks whose securities meet the standards for investment by the Portfolio to be the equivalent of cash. From time to time, the Fund may return to the borrower or a third party which is unaffiliated with the Fund, and which is acting as a "placing broker," a part of the interest earned from the investment of collateral received for securities loaned.

The Securities and Exchange Commission currently requires that the following conditions must be met whenever portfolio securities are loaned: (1) the Portfolio must receive at least 100% cash collateral from the borrower; (2) the borrower must increase such collateral whenever the market value of the securities rises above the level of such collateral; (3) the Portfolio must be able to terminate the loan at any time; (4) the Portfolio must receive reasonable interest on the loan, as well as any dividends, interest or other distributions payable on the loaned securities, and any increase in market value; (5) the Portfolio may pay only reasonable custodian fees in connection with the loan; and (6) while voting rights on the loaned securities may pass to the borrower, the Fund's Board of Directors must terminate the loan and regain the right to vote the securities if a material event adversely affecting the investment occurs. These conditions may be subject to future modification.

Investment Restrictions. Each Portfolio has adopted investment restrictions numbered 1 through 10 as fundamental policies. These restrictions cannot be changed, as to a Portfolio, without approval by the holders of a majority (as defined in the Investment Company Act of 1940, as amended (the "Act")) of such Portfolio's outstanding voting shares. Investment restrictions numbered 11 through 16 are not fundamental policies and may be changed by vote of a majority of the Fund's Directors at any time. No Portfolio may:

1. Invest more than 5% of its assets in the obligations of any single issuer, except that up to 25% of the value of the Portfolio's total assets may be invested, and securities issued or guaranteed by the U.S. Government, or its agencies or instrumentalities may be purchased, without regard to any such limitation.

2. Hold more than 10% of the outstanding voting securities of any single issuer. This Investment Restriction applies only with respect to 75% of the Portfolio's total assets.

3. Invest more than 25% of the value of its total assets in the securities of issuers in any single industry, provided that there shall be no limitation on the purchase of obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

4. Invest in commodities, except that the Portfolio may purchase and sell options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes.

5. Purchase, hold or deal in real estate, or oil, gas or other mineral leases or exploration or development programs, but the Portfolio may purchase and sell securities that are secured by real estate or issued by companies



that invest or deal in real estate or real estate investment trusts.

6. Borrow money, except to the extent permitted under the Act. For purposes of this Investment Restriction, the entry into options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes shall not constitute borrowing.

7. Make loans to others, except through the purchase of debt obligations and the entry into repurchase agreements. However, the Portfolio may lend its portfolio securities in an amount not to exceed 33-1/3% of the value of its total assets. Any loans of portfolio securities will be made according to guidelines established by the Securities and Exchange Commission and the Fund's Board of Directors.

8. Act as an underwriter of securities of other issuers, except to the extent the Portfolio may be deemed an underwriter under the Securities Act of 1933, as amended, by virtue of disposing of portfolio securities.

9. Issue any senior security (as such term is defined in Section 18(f) of the Act), except to the extent the activities permitted in Investment Restriction Nos. 4, 6, 13 and 14 may be deemed to give rise to a senior security.

10. Purchase securities on margin, but the Portfolio may make margin deposits in connection with transactions in options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes.

11. Purchase securities of any company having less than three years' continuous operations (including operations of any predecessor) if such purchase would cause the value of the Portfolio's investments in all such companies to exceed 5% of the value of its total assets.

12. Invest in the securities of a company for the purpose of exercising management or control, but the Portfolio will vote the securities it owns in its portfolio as a shareholder in accordance with its views.

13. Pledge, mortgage or hypothecate its assets, except to the extent necessary to secure permitted borrowings and to the extent related to the purchase of securities on a when-issued or forward commitment basis and the deposit of assets in escrow in connection with writing covered put and call options and collateral and initial or variation margin arrangements with respect to options, forward contracts, futures contracts, including those relating to indexes, and options on futures contracts or indexes.

14. Purchase, sell or write puts, calls or combinations thereof, except as described in the Fund's Prospectus and Statement of Additional Information.

15. Enter into repurchase agreements providing for settlement in more than seven days after notice or purchase securities which are illiquid, if, in the aggregate, more than 15% of the value of the Portfolio's net assets would be so invested.

16. Purchase securities of other investment companies, except to the extent permitted under the Act.

If a percentage restriction is adhered to at the time of investment, a later change in percentage resulting from a change in values or assets will not constitute a violation of such restriction.

Each Portfolio may invest, notwithstanding any other investment restriction (whether or not fundamental), all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objective, policies and restrictions as the Portfolio.

The Fund may make commitments more restrictive than the restrictions listed above so as to permit the sale of Portfolio shares in certain states. Should the Fund determine that a commitment is no longer in the best interest of the Portfolio and its shareholders, the Fund reserves the right to revoke the commitment by terminating the sale of such Portfolio's shares in the state involved.

#### MANAGEMENT OF THE FUND

Directors and officers of the Fund, together with information as to their principal business occupations during at least the last five years, are shown below. Each Director who is deemed to be an "interested person" of the Fund, as defined in the Act, is indicated by an asterisk.

#### Directors and Officers of the Fund

\*HOWARD STEIN, President, Investment Officer and Director. Chairman of the Board and Chief Executive Officer of the Manager, Chairman of the Board of the Distributor and an officer, director, general partner or trustee of other investment companies advised and administered by the Manager. His address is 200 Park Avenue, New York, New York 10166.

EHUD HOUMINER, Director. Since July, 1991, Professor and Executive-in-Residence at the Columbia Business School, Columbia University and, since February, 1992, a Consultant to Bear Stearns & Co., Inc., investment bankers. He was President and Chief Executive Officer of Philip Morris USA, manufacturers of consumer products, from December 1988 until September 1990. He is a Director of Avnet Inc. His address is Columbia Business School, Columbia University, Uris Hall, Room 526, New York, New York 10027.

GLORIA MESSINGER, Director. From 1981 to 1993, Managing Director and Chief Executive Officer of ASCAP (American Society of Composers, Authors and Publishers). She is a member of the Board of Directors of the Yale Law School Fund and was secretary of the ASCAP and served as a Trustee of the Copyright Society of the United States. She is also a member of numerous professional and civic organizations. Her address is 747 Third Avenue, 11th Floor, New York, New York 10017.

For so long as the Fund's plans described in the section captioned "Distribution Plan and Shareholder Services Plan" remain in effect, the Directors of the Fund who are not "interested persons" of the Fund, as defined in the Act, will be selected and nominated by the Directors who are not "interested persons" of the Fund.

#### Officers of the Fund Not Listed Above

DANIEL C. MACLEAN, Vice President. Vice President and General Counsel of the Manager, Secretary of the Distributor and an officer or director of other investment companies advised or administered by the Manager.

MARK N. JACOBS, Vice President. Secretary and Deputy General Counsel of the Manager and an officer of other investment companies advised or administered by the Manager.

JEFFREY N. NACHMAN, Vice President and Treasurer. Vice President-Mutual Fund Accounting of the Manager and an officer of other investment companies advised or administered by the Manager.

THOMAS J. DURANTE, Controller. Senior Accounting Manager in the Fund Accounting Department of the Manager and an officer of other investment companies advised or administered by the Manager.

STEVEN F. NEWMAN, Secretary. Associate General Counsel of the Manager and an officer of other investment companies advised or administered by the Manager.

MICHAEL A. ROSENBERG, Assistant Secretary. Since October 1991, an Attorney in the Manager's Legal Department. From October 1990 to October 1991, Associate with Sheriff, Friedman, Hoffman & Goodman. From 1986 to September, 1989, Financial Analyst with the Securities and Exchange Commission, Division of Investment Management.

CHRISTINE PAVALOS, Assistant Secretary. Assistant Secretary of the Manager, the Distributor and other investment companies advised or administered by the Manager.

The address of each officer of the Fund is 200 Park Avenue, New York, New York 10166.

#### MANAGEMENT AGREEMENT

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Management of the Fund."

The Manager provides management services pursuant to the Management Agreement (the "Agreement") dated December 17, 1993, with the Fund. As to

each Portfolio, the Agreement is subject to annual approval by (i) the Fund's Board of Directors or (ii) vote of a majority (as defined in the Act) of the outstanding voting securities of the such Portfolio, provided that in either event the continuance also is approved by a majority of the Directors who are not "interested persons" (as defined in the Act) of the Fund or the Manager, by vote cast in person at a meeting called for the purpose of voting on such approval. As to each Portfolio, the Agreement is terminable without penalty, on 60 days' notice, by the Fund's Board of Directors or by vote of the holders of a majority of such Portfolio's shares, or, on not less than 90 days' notice, by the Manager. The Agreement will terminate automatically, as to the relevant Portfolio, in the event of its assignment (as defined in the Act).

The Manager manages each Portfolio's investments in accordance with the stated policies of such Portfolio, subject to the approval of the Fund's Board of Directors. The Manager is responsible for investment decisions, and provides the Fund with Investment Officers who are authorized by the Board of Directors to execute purchases and sales of securities. The Fund's Investment Officers are Howard Stein, Patricia A. Cuddy, Richard B. Hoey and Barbara L. Kenworthy. The Manager also maintains a research department with a professional staff of portfolio managers and securities analysts who provide research services for the Fund as well as for other funds advised by the Manager. All purchases and sales are reported for the Directors' review at the meeting subsequent to such transactions.

All expenses incurred in the operation of the Fund are borne by the Fund, except to the extent specifically assumed by the Manager. The expenses borne by the Fund include: organizational costs, taxes, interest, loan commitment fees, interest and distributions paid on securities sold short, brokerage fees and commissions, if any, fees of Directors who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of the Manager, Securities and Exchange Commission fees, state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of maintaining the Fund's existence, costs of independent pricing services, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of shareholders' reports and corporate meetings, costs of preparing and printing certain prospectuses and statements of additional information, and any extraordinary expenses.

Expenses attributable to a particular Portfolio are charged against the assets of that Portfolio; other expenses of the Fund are allocated between the Portfolios on the basis determined by the Board of Directors, including, but not limited to, proportionately in relation to the net assets of each Portfolio.

In addition, the Fund is subject to an annual distribution fee for advertising, marketing and distributing Portfolio shares and an annual service fee for ongoing personal services relating to shareholder accounts and services related to the maintenance of shareholder accounts. See "Distribution Plan and Shareholder Services Plan."

The Manager pays the salaries of all officers and employees employed by both it and the Fund, maintains office facilities, and furnishes statistical and research data, clerical help, accounting, data processing, bookkeeping and internal auditing and certain other required services. The Manager also may make such advertising and promotional expenditures, using its own resources, as it from time to time deems appropriate.

As to each Portfolio, the Manager has agreed that if in any fiscal year the aggregate expenses of the Portfolio, exclusive of taxes, brokerage, interest on borrowings and (with the prior written consent of the necessary state securities commissions) extraordinary expenses, but including the management fee, exceed the expense limitation of any state having jurisdiction over the Fund, the Fund may deduct from the payment to be made to the Manager under the Agreement, or the Manager will bear, such excess expense to the extent required by state law. Such deduction or payment, if any, will be estimated daily, and reconciled and effected or paid, as the case may be, on a monthly basis.

The aggregate of the fees payable to the Manager is not subject to reduction as the value of a Portfolio's net assets increases.

#### PURCHASE OF FUND SHARES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "How to Buy Fund Shares."

The Distributor. The Distributor serves as the Fund's distributor pursuant to an agreement which is renewable annually. The Distributor also acts as distributor for the other funds in the Dreyfus Family of Funds and for certain other investment companies.

Dreyfus TeleTransfer Privilege. Dreyfus TeleTransfer purchase orders may be made between the hours of 8:00 a.m. and 4:00 p.m., New York time, on any business day that The Shareholder Services Group, Inc., the Fund's transfer and dividend disbursing agent (the "Transfer Agent"), and the New York Stock Exchange are open. Such purchases will be credited to the shareholder's Fund account on the next bank business day. To qualify to use the Dreyfus TeleTransfer Privilege, the initial payment for purchase of Fund shares must be drawn on, and redemption proceeds paid to, the same bank and account as are designated on the Account Application or Optional Services Form on file. If the proceeds of a particular redemption are to be wired to an account at any other bank, the request must be in writing and signature-guaranteed. See "Redemption of Fund Shares--Dreyfus TeleTransfer Privilege."

Reopening an Account. An investor may reopen an account with a minimum investment of \$100 without filing a new Account Application during the calendar year, provided the information on the old Account Application is still applicable.

#### DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Distribution Plan and Shareholder Services Plan."

Portfolio shares are subject to a Distribution Plan and a Shareholder Services Plan.

Distribution Plan. Rule 12b-1 (the "Rule") adopted by the Securities and Exchange Commission under the Act provides, among other things, that an investment company may bear expenses of distributing its shares only pursuant to a plan adopted in accordance with the Rule. The Fund's Board of Directors has adopted such a plan (the "Distribution Plan") with respect to the Portfolios' shares, pursuant to which the Fund pays the Distributor for advertising, marketing and distributing Portfolio shares. Under the Distribution Plan, the Distributor may make payments to certain financial institutions, securities dealers and other financial industry professionals (collectively, "Service Agents") in respect to these services. The Fund's Board of Directors believes that there is a reasonable likelihood that the Distribution Plan will benefit each Portfolio and its shareholders. In some states, certain financial institutions effecting transactions in Portfolio shares may be required to register as dealers pursuant to state law.

A quarterly report of the amounts expended under the Distribution Plan, and the purposes for which such expenditures were incurred, must be made to the Directors for their review. In addition, the Distribution Plan provides that it may not be amended to increase materially the costs which Portfolio shareholders may bear for distribution pursuant to the Distribution Plan without shareholder approval and that other material amendments of the Distribution Plan must be approved by the Board of Directors, and by the Directors who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of the Distribution Plan or in any agreements entered into in connection with the Distribution Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Distribution Plan is subject to annual approval by such vote of the Directors cast in person at a meeting called for the purpose of voting on the Distribution Plan. The Distribution Plan may be terminated at any time with respect to each Portfolio by vote of a majority of the Directors who are not "interested persons" and have no direct or indirect financial interest in the operation of the Distribution Plan or in any agreements entered into in connection with the Distribution Plan or by vote of the holders of a majority of the Portfolio's shares.

Shareholder Services Plan. The Fund has adopted a Shareholder Services Plan, pursuant to which the Fund pays the Distributor for the provision of certain services to each Portfolio's shareholders.

A quarterly report of the amounts expended under the Shareholder Services Plan, and the purposes for which such expenditures were incurred, must be made to the Directors for their review. In addition, the Shareholder Services Plan provides that it may not be amended without approval of the Directors, and by the Directors who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in



the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Shareholder Services Plan is subject to annual approval by such vote of the Directors cast in person at a meeting called for the purpose of voting on the Shareholder Services Plan. The Shareholder Services Plan is terminable at any time with respect to each Portfolio by vote of a majority of the Directors who are not "interested persons" and have no direct or indirect financial interest in the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan.

#### REDEMPTION OF FUND SHARES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "How to Redeem Fund Shares."

Wire Redemption Privilege. By using this Privilege, the investor authorizes the Transfer Agent to act on wire or telephone redemption instructions from any person representing himself or herself to be the investor, or a representative of the investor's Service Agent, and reasonably believed by the Transfer Agent to be genuine. Ordinarily, the Fund will initiate payment for shares redeemed pursuant to this Privilege on the next business day after receipt if the Transfer Agent receives the redemption request in proper form. Redemption proceeds will be transferred by Federal Reserve wire only to the commercial bank account specified by the investor on the Account Application or Optional Services Form. Redemption proceeds, if wired, must be in the amount of \$1,000 or more and will be wired to the investor's account at the bank of record designated in the investor's file at the Transfer Agent, if the investor's bank is a member of the Federal Reserve System, or to a correspondent bank if the investor's bank is not a member. Fees ordinarily are imposed by such bank and usually are borne by the investor. Immediate notification by the correspondent bank to the investor's bank is necessary to avoid a delay in crediting the funds to the investor's bank account.

Investors with access to telegraphic equipment may wire redemption requests to the Transfer Agent by employing the following transmittal code which may be used for domestic or overseas transmissions:

Transmittal Code	Transfer Agent's Answer Back Sign
<hr/>	<hr/>
144295	144295 TSSG PREP

Investors who do not have direct access to telegraphic equipment may have the wire transmitted by contacting a TRT Cables operator at 1-800-654-7171, toll free. Investors should advise the operator that the above transmittal code must be used and should also inform the operator of the Transfer Agent's answer back sign.

To change the commercial bank or account designated to receive redemption proceeds, a written request must be sent to the Transfer Agent. This request must be signed by each shareholder, with each signature guaranteed as described below under "Stock Certificates; Signatures."

Dreyfus TeleTransfer Privilege. Investors should be aware that if they have selected the Dreyfus TeleTransfer Privilege, any request for a wire redemption will be effected as a Dreyfus TeleTransfer transaction through the Automated Clearing House ("ACH") system unless more prompt transmittal specifically is requested. Redemption proceeds will be on deposit in the investor's account at an ACH member bank ordinarily two business days after receipt of the redemption request. See "Purchase of Fund Shares--Dreyfus TeleTransfer Privilege."

Stock Certificates; Signatures. Any certificates representing Fund shares to be redeemed must be submitted with the redemption request. Written redemption requests must be signed by each shareholder, including each holder of a joint account, and each signature must be guaranteed. Signatures on endorsed certificates submitted for redemption also must be guaranteed. The Transfer Agent has adopted standards and procedures pursuant to which signature-guarantees in proper form generally will be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program, the Securities Transfer Agents Medallion Program ("STAMP") and the Stock Exchanges Medallion Program. Guarantees must be signed by an authorized signatory of the guarantor and "Signature-Guaranteed" must appear with the signature. The Transfer Agent may request additional documentation from corporations, executors, administrators, trustees or guardians, and may accept other suitable verification arrangements from foreign investors, such as consular verification. For more information with respect to signature-guarantees, please call one of the telephone numbers listed on the cover.

Redemption Commitment. The Fund has committed itself to pay in cash all redemption requests by any shareholder of record of a Portfolio, limited in amount during any 90-day period to the lesser of \$250,000 or 1% of the value of such Portfolio's net assets at the beginning of such period. Such commitment is irrevocable without the prior approval of the Securities and Exchange Commission. In the case of requests for redemption in excess of such amount, the Board of Directors reserves the right to make payments in whole or in part in securities or other assets in case of an emergency or any time a cash distribution would impair the liquidity of the Portfolio to the detriment of the existing shareholders. In such event, the securities would be valued in the same manner as the Portfolio's securities are valued. If the recipient sold such securities, brokerage charges would be incurred.

Suspension of Redemptions. The right of redemption may be suspended or the date of payment postponed (a) during any period when the New York Stock Exchange is closed (other than customary weekend and holiday closings), (b) when trading in the markets the Fund ordinarily utilizes is restricted, or when an emergency exists as determined by the Securities and Exchange Commission so that disposal of the Fund's investments or determination of its

net asset value is not reasonably practicable, or (c) for such other periods as the Securities and Exchange Commission by order may permit to protect the Fund's shareholders.

#### SHAREHOLDER SERVICES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Shareholder Services."

Exchange Privilege. Shares of other Portfolios of the Fund or other funds purchased by exchange will be purchased on the basis of relative net asset value per share as follows:

- A. Exchanges for shares of funds that are offered without a sales load will be made without a sales load.
- B. Shares of funds purchased without a sales load may be exchanged for shares of other funds sold with a sales load, and the applicable sales load will be deducted.
- C. Shares of funds purchased with a sales load may be exchanged without a sales load for shares of other funds sold without a sales load.
- D. Shares of funds purchased with a sales load, shares of funds acquired by a previous exchange from shares purchased with a sales load and additional shares acquired through reinvestment of dividends or distributions of any such funds (collectively referred to herein as "Purchased Shares") may be exchanged for shares of other funds sold with a sales load (referred to herein as "Offered Shares"), provided that, if the sales load applicable to the Offered Shares exceeds the maximum sales load that could have been imposed in connection with the Purchased Shares (at the time the Purchased Shares were acquired), without giving effect to any reduced loads, the difference will be deducted.

To accomplish an exchange under item D above, shareholders must notify the Transfer Agent of their prior ownership of fund shares and their account number.

To use this Privilege, an investor or the investor's Service Agent acting on the investor's behalf must give exchange instructions to the Transfer Agent in writing, by wire or by telephone. Telephone exchanges may be made only if the appropriate "YES" box has been checked on the Account Application, or a separate signed Optional Services Form is on file with the Transfer Agent. By using this Privilege, the investor authorizes the Transfer Agent to act on telephonic, telegraphic or written exchange instructions from any person representing himself or herself to be the investor or a representative of the investor's Service Agent, and reasonably believed by the Transfer Agent to be genuine. Telephone exchanges may be subject to limitations as to the amount involved or the number of telephone exchanges permitted. Shares issued in certificate form are not eligible for telephone exchange.

To establish a Personal Retirement Plan by exchange, shares of the fund being exchanged must have a value of at least the minimum initial investment required for the fund into which the exchange is being made. For Dreyfus-sponsored Keogh Plans, IRAs and SEP-IRAs with only one participant, the minimum initial investment is \$750. To exchange shares held in Corporate Plans, 403(b)(7) Plans and IRAs set up under a Simplified Employee Pension Plan ("SEP-IRAs") with more than one participant, the minimum initial investment is \$100 if the plan has at least \$2,500 invested among the funds in the Dreyfus Family of Funds. To exchange shares held in Personal Retirement Plans, the shares exchanged must have a current value of at least \$100.

Dreyfus Auto-Exchange Privilege. Dreyfus Auto-Exchange permits an investor to purchase, in exchange for shares of a Portfolio, shares of one of the other Portfolios of the Fund or shares of another fund in the Dreyfus Family of Funds. This Privilege is available only for existing accounts. Shares will be exchanged on the basis of relative net asset value as set forth under "Exchange Privilege" above. Enrollment in or modification or cancellation of this Privilege is effective three business days following notification by the investor. An investor will be notified if his account falls below the amount designated to be exchanged under this Privilege. In this case, an investor's account will fall to zero unless additional investments are made in excess of the designated amount prior to the next Auto-Exchange transaction. Shares held under IRA and other retirement plans are eligible for this Privilege. Exchanges of IRA shares may be made between IRA accounts and from regular accounts to IRA accounts, but not from IRA accounts to regular accounts. With respect to all other retirement accounts, exchanges may be made only among those accounts.

The Exchange Privilege and Dreyfus Auto-Exchange Privilege are available to shareholders resident in any state in which shares of the fund being acquired may legally be sold. Shares may be exchanged only between accounts having identical names and other identifying designations.

Optional Services Forms and prospectuses of the other funds may be obtained from the Distributor, 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144. The Fund reserves the right to reject any exchange request in whole or in part. The Exchange Privilege or the Dreyfus Auto-Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

Automatic Withdrawal Plan. Automatic Withdrawal permits an investor with a \$5,000 minimum account to request withdrawal of a specified dollar amount (minimum of \$50) on either a monthly or quarterly basis. Withdrawal payments are the proceeds from sales of Fund shares, not the yield on the shares. If withdrawal payments exceed reinvested dividends and distributions, the investor's shares will be reduced and eventually may be depleted. An Automatic Withdrawal Plan may be established by completing the appropriate application available from the Distributor. There is a service charge of \$.50 for each withdrawal check. Automatic Withdrawal may be terminated at any time by the investor, the Fund or the Transfer Agent. Shares for which certificates have been issued may not be redeemed through the Automatic

## Withdrawal Plan.

Dreyfus Dividend Sweep Privilege. Dreyfus Dividend Sweep Privilege allows investors to invest on the payment date their dividends or dividends and capital gain distributions, if any, from a Portfolio in shares of another Portfolio of the Fund or shares of another fund in the Dreyfus Family of Funds of which the investor is a shareholder. Shares of other funds purchased pursuant to this Privilege will be purchased on the basis of relative net asset value per share as follows:

- A. Dividends and distributions paid by a fund may be invested without imposition of a sales load in shares of other funds that are offered without a sales load.
- B. Dividends and distributions paid by a fund which does not charge a sales load may be invested in shares of other funds sold with a sales load, and the applicable sales load will be deducted.
- C. Dividends and distributions paid by a fund which charges a sales load may be invested in shares of other funds sold with a sales load (referred to herein as "Offered Shares"), provided that, if the sales load applicable to the Offered Shares exceeds the maximum sales load charged by the fund from which dividends or distributions are being swept, without giving effect to any reduced loads, the difference will be deducted.
- D. Dividends and distributions paid by a fund may be invested in shares of other funds that impose a contingent deferred sales charge and the applicable contingent deferred sales charge, if any, will be imposed upon redemption of such shares.

Personal Retirement Plans. The Fund makes available Keogh Plans and IRAs, including SEP-IRAs and IRA "Rollover Accounts" for individuals. Plan support services also are available. For details, please contact the Dreyfus Group Retirement Plans, a division of the Distributor, by calling toll free 1-800-358-5566.

Investors who wish to purchase Fund shares in conjunction with a Keogh Plan or an IRA, including an SEP-IRA, may request from the Distributor forms for adoption of such plans.

The entity acting as custodian for Keogh Plans or IRAs may charge a fee, payment of which could require the liquidation of shares. All fees charged are described in the appropriate form.

Shares may be purchased in connection with these plans only by direct remittance to the entity acting as custodian. Purchases for these plans may not be made in advance of receipt of funds.

The minimum initial investment for Dreyfus-sponsored Keogh Plans, IRAs and SEP-IRAs with only one participant, is normally \$750, with no minimum on subsequent purchases. Individuals who open an IRA may also open a non-working spousal IRA with a minimum investment of \$250.

The investor should read the Prototype Retirement Plan and the appropriate form of Custodial Agreement for further details on eligibility, service fees and tax implications, and should consult a tax adviser.

#### DETERMINATION OF NET ASSET VALUE

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "How to Buy Fund Shares."

Valuation of Portfolio Securities. Each Portfolio's securities, including covered call options written by a Portfolio, are valued at the last sale price on the securities exchange or national securities market on which such securities primarily are traded. Securities not listed on an exchange or national securities market, or securities in which there were no transactions, are valued at the average of the most recent bid and asked prices, except in the case of open short positions where the asked price is used for valuation purposes. Bid price is used when no asked price is available. Any assets or liabilities initially expressed in terms of foreign currency will be translated into dollars at the midpoint of the New York interbank market spot exchange rate as quoted on the day of such translation by the Federal Reserve Bank of New York or if no such rate is quoted on such date, at the exchange rate previously quoted by the Federal Reserve Bank of New York or at such other quoted market exchange rate as may be determined to be appropriate by the Manager. Forward currency contracts will be valued at the current cost of offsetting the contract. Because of the need to obtain prices as of the close of trading on various exchanges throughout the world, the calculation of net asset value does not take place contemporaneously with the determination of prices of certain of the Portfolios' securities. Short-term investments are carried at amortized cost, which approximates value. Any securities or other assets for which recent market quotations are not readily available are valued at fair value as determined in good faith by the Fund's Board of Directors. Expenses and fees of the Fund, including the management fee paid by the Fund and fees pursuant to the Distribution Plan and Shareholder Services Plan are accrued daily and taken into account for the purpose of determining the net asset value of Fund shares.

Restricted securities, as well as securities or other assets for which market quotations are not readily available, or are not valued by a pricing service approved by the Board of Directors, are valued at fair value as determined in good faith by the Board of Directors. The Board of Directors will review the method of valuation on a current basis. In making their good faith valuation of restricted securities, the Directors generally will take the following factors into consideration: restricted securities which are, or are convertible into, securities of the same class of securities for which a public market exists usually will be valued at market value less the same percentage discount at which purchased. This discount will be revised periodically by the Board of Directors if the Directors believe that it no longer reflects the value of the restricted securities. Restricted securities not of the same class as securities for which a public market exists usually will be valued initially at cost. Any subsequent adjustment from cost will be based upon considerations deemed relevant by the Board of Directors.



New York Stock Exchange Closings. The holidays (as observed) on which the New York Stock Exchange is closed currently are: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

#### DIVIDENDS, DISTRIBUTIONS AND TAXES

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Dividends, Distributions and Taxes."

It is expected that each Portfolio will qualify as a "regulated investment company" under the Code, as long as such qualification is in the best interests of its shareholders. As a regulated investment company, the Portfolios will pay no Federal income tax on net investment income and net realized securities gains to the extent that such income and gains are distributed to shareholders in accordance with applicable provisions of the Code. To qualify as a regulated investment company, each Portfolio must distribute at least 90% of its net income (consisting of net investment income and net short-term capital gain) to its shareholders, must derive less than 30% of its annual gross income from gain on the sale of securities held for less than three months, and must meet certain asset diversification and other requirements. Accordingly, the Portfolios may be restricted in the selling of securities held for less than three months. The Code, however, allows the Portfolios to net certain offsetting positions, making it easier for the Portfolios to satisfy the 30% test. The term "regulated investment company" does not imply the supervision of management or investment practices or policies by any government agency.

Any dividend or distribution paid shortly after an investor's purchase may have the effect of reducing the net asset value of the shares below the cost of the investment. Such a dividend or distribution would be a return of investment in an economic sense, although taxable as stated above. In addition, the Code provides that if a shareholder holds shares of the Fund for six months or less and has received a capital gain distribution with respect to such shares, any loss incurred on the sale of such shares will be treated as long-term capital loss to the extent of the capital gain distribution received.

Depending upon the composition of a Portfolio's income, the entire amount or a portion of the dividends paid by such Portfolio from net investment income may qualify for the dividends received deduction allowable to qualifying U.S. corporate shareholders ("dividends received deduction"). In general, dividend income of a Portfolio distributed to qualifying corporate shareholders will be eligible for the dividends received deduction only to the extent that such Portfolio's income consists of dividends paid by U.S. corporations. However, Section 246(c) of the Code provides that if a qualifying corporate shareholder has disposed of Portfolio shares not held for more than 46 days and has received a dividend from net investment income with respect to such shares, the portion designated by the Portfolio as qualifying for the dividends received deduction will not be eligible for such

shareholder's dividends received deduction. In addition, the Code provides other limitations with respect to the ability of a qualifying corporate shareholder to claim the dividends received deduction in connection with holding Portfolio shares.

A Portfolio may qualify for and may make an election permitted under Section 853 of the Code so that shareholders may be eligible to claim a credit or deduction on their Federal income tax returns for, and will be required to treat as part of the amounts distributed to them, their pro rata portion of qualified taxes paid or incurred by the Portfolio to foreign countries (which taxes relate primarily to investment income). A Portfolio may make an election under Section 853, provided that more than 50% of the value of the Portfolio's total assets at the close of the taxable year consists of securities in foreign corporations, and the Portfolio satisfies the applicable distribution provisions of the Code. The foreign tax credit available to shareholders is subject to certain limitations imposed by the Code.

Ordinarily, gains and losses realized from portfolio transactions will be treated as capital gains and losses. However, a portion of the gain or loss realized from the disposition of foreign currencies (including foreign currency denominated bank deposits) and non-U.S. dollar denominated securities (including debt instruments and certain forward contracts and options) may be treated as ordinary income or loss under Section 988 of the Code. In addition, all or a portion of the gain realized from the disposition of market discount bonds will be treated as ordinary income under section 1276. A market discount bond is defined as any bond purchased by the Fund after April 30, 1993, and after its original issuance, at a price below its face or accreted value. Finally, all or a portion of the gain realized from engaging in "conversion transactions" may be treated as ordinary income under Section 1258. "Conversion transactions" are defined to include certain forward, futures, option and straddle transactions, transactions marketed or sold to produce capital gains, or transactions described in Treasury regulations to be issued in the future.

Under Section 1256 of the Code, any gain or loss realized by a Portfolio from certain forward contracts and options transactions will be treated as 60% long-term capital gain or loss and 40% short-term capital gain or loss. Gain or loss will arise upon exercise or lapse of such contracts and options as well as from closing transactions. In addition, any such contracts or options remaining unexercised at the end of the Portfolio's taxable year will be treated as sold for their then fair market value, resulting in additional gain or loss to such Portfolio characterized in the manner described above.

Offsetting positions held by a Portfolio involving certain foreign currency forward contracts or options may constitute "straddles." "Straddles" are defined to include "offsetting positions" in actively traded personal property. The tax treatment of "straddles" is governed by Sections 1092 and 1258 of the Code, which, in certain circumstances, overrides or modifies the provisions of Section 1256 and 988. As such, all or a portion of any short or long-term capital gain from certain "straddle" transactions may be recharacterized to ordinary income.

If a Portfolio were treated as entering into "straddles" by reason of its

engaging in certain forward contracts or options transactions, such "straddles" would be characterized as "mixed straddles" if the forward contracts or options transactions comprising a part of such "straddles" were governed by Section 1256 of the Code. A Portfolio may make one or more elections with respect to "mixed straddles." Depending on which election is made, if any, the results to the Portfolio may differ. If no election is made to the extent the "straddle" and conversion transaction rules apply to positions established by the Portfolio, losses realized by the Portfolio will be deferred to the extent of unrealized gain in the offsetting position. Moreover, as a result of the "straddle" rules, short-term capital loss on "straddle" positions may be recharacterized as long-term capital loss, and long-term capital gains may be treated as short-term capital gains or ordinary income.

If a Portfolio invests in an entity that is classified as a "passive foreign investment company" ("PFIC") for federal income tax purposes, the operation of certain provisions of the Code applying to PFICs could result in the imposition of certain federal income taxes on the Portfolio. Under Proposed Treasury Regulation Section 1.1291-8(a), the Portfolios can elect to mark-to-market gains (but not losses) from PFIC securities in lieu of paying taxes on gain or distributions therefrom. Such gains will be treated as ordinary income under Proposed Treasury Regulation Section 1.1291-8(b)(2).

Investment by a Portfolio in securities issued at a discount or providing for deferred interest or for payment of interest in the form of additional obligation could under special tax rules affect the amount, timing and character of distributions to shareholders by causing a Portfolio to recognize income prior to the receipt of cash payments. For example, a Portfolio could be required to accrue as income each year a portion of the discount (or deemed discount) at which such securities were issued and to distribute such income. In such case, a Portfolio may have to dispose of securities which it might otherwise have continued to hold in order to generate cash to satisfy these distribution requirements.

#### PORTFOLIO TRANSACTIONS

The Manager assumes general supervision over placing orders on behalf of the Fund for the purchase or sale of investment securities. Allocation of brokerage transactions, including their frequency, is made in the Manager's best judgment and in a manner deemed fair and reasonable to shareholders. The primary consideration is prompt execution of orders at the most favorable net price. Subject to this consideration, the brokers selected will include those that supplement the Manager's research facilities with statistical data, investment information, economic facts and opinions. Information so received is in addition to and not in lieu of services required to be performed by the Manager and the fee of the Manager is not reduced as a consequence of the receipt of such supplemental information.

Such information may be useful to the Manager in serving both the Fund and other funds which it manages and, conversely, supplemental information obtained by the placement of business of other clients may be useful to the Manager in carrying out its obligations to the Fund. Sales of Fund shares by

a broker may be taken into consideration, and brokers also will be selected because of their ability to handle special executions such as are involved in large block trades or broad distributions, provided the primary consideration is met. Large block trades may, in certain cases, result from two or more funds advised or administered by the Manager being engaged simultaneously in the purchase or sale of the same security.

Portfolio turnover may vary from year to year as well as within a year. It is anticipated that in any fiscal year the turnover rate of each Portfolio may approach the 150% level; however, in periods in which extraordinary market conditions prevail, the Manager will not be deterred from changing each Portfolio's investment strategy as rapidly as needed, in which case higher turnover rates can be anticipated which would result in greater brokerage expenses. The overall reasonableness of brokerage commissions paid is evaluated by the Manager based upon its knowledge of available information as to the general level of commissions paid by other institutional investors for comparable services.

#### PERFORMANCE INFORMATION

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "Performance Information."

Average annual total return is calculated by determining the ending redeemable value of an investment purchased with a hypothetical \$1,000 payment made at the beginning of the period (assuming the reinvestment of dividends and distributions), dividing by the amount of the initial investment, taking the "n"th root of the quotient (where "n" is the number of years in the period) and subtracting 1 from the result.

Total return is calculated by subtracting the amount of each Portfolio's net asset value per share at the beginning of a stated period from the net asset value per share at the end of the period (after giving effect to the reinvestment of dividends and distributions during the period), and dividing the result by the net asset value per share at the beginning of the period.

Comparative performance may be used from time to time in advertising the Fund's shares, including data from Lipper Analytical Services, Inc., Standard & Poor's 500 Composite Stock Price Index, the Wilshire 5000 Index, the Dow Jones Industrial Average, Money Magazine, Morningstar, Inc. and other industry publications. From time to time, the Fund may compare its performance against inflation with the performance of other instruments against inflation, such as short-term Treasury Bills (which are direct obligations of the U.S. Government) and FDIC-insured bank money market accounts.

#### INFORMATION ABOUT THE FUND

The following information supplements and should be read in conjunction with the section in the Fund's Prospectus entitled "General Information."

Each Portfolio share has one vote and, when issued and paid for in

accordance with the terms of the offering, is fully paid and non-assessable. Portfolio shares are of one class and have equal rights as to dividends and in liquidation. Shares have no preemptive, subscription or conversion rights and are freely transferable.

The Fund will send annual and semi-annual financial statements to all its shareholders.

CUSTODIAN, TRANSFER AND DIVIDEND DISBURSING AGENT, COUNSEL  
AND INDEPENDENT AUDITORS

The Bank of New York, 110 Washington Street, New York, New York 10286, is the Fund's custodian. The Shareholder Services Group, Inc., a subsidiary of First Data Corporation, P.O. Box 9671, Providence, Rhode Island 02940-9671, is the Fund's transfer and dividend disbursing agent. Neither The Bank of New York nor The Shareholder Services Group, Inc. has any part in determining the investment policies of the Fund or which securities are to be purchased or sold by the Fund.

Stroock & Stroock & Lavan, 7 Hanover Square, New York, New York 10004-2696, as counsel for the Fund, has rendered its opinion as to certain legal matters regarding the due authorization and valid issuance of the shares of Common Stock being sold pursuant to the Fund's Prospectus.

Ernst & Young, 787 Seventh Avenue, New York, New York 10019, independent auditors, have been selected as auditors of the Fund.

DREYFUS FOCUS FUNDS, INC.  
DREYFUS LARGE COMPANY GROWTH  
Statement of Assets and Liabilities  
December 17, 1993

ASSETS

Cash	\$25,000
Deferred organization expenses	25,531
	-----
Total Assets	\$50,531

LIABILITIES

Accrued organization expenses	25,531
	-----

NET ASSETS applicable to 2,000 shares of common stock (\$.001 par value) issued and outstanding (100 million shares authorized)	\$25,000
	=====
NET ASSET VALUE, and redemption price per share (\$25,000/2,000 shares of common stock issued and outstanding)	\$12.50

NOTE - Dreyfus Focus Funds, Inc. (the "Fund") was incorporated on November 16, 1993 and has had no operations since that date other than matters relating to its organization and registration as an open-end investment company under the Investment Company Act of 1940 and the Securities Act of 1933 and the sale and issuance of 2,000 shares of common stock of each Portfolio to The Dreyfus Corporation ("Initial Shares"). Organization expenses payable by the Fund have been deferred and will be amortized from the date operations commence over a period which it is expected that a benefit will be realized, not to exceed five years. If any of the Initial Shares of any series are redeemed during the amortization period by any holder thereof, the redemption proceeds will be reduced by any unamortized organization expenses of that Portfolio in the same proportion as the number of Initial Shares being redeemed bears to the number of Initial Shares outstanding of that Portfolio at the time of the redemption.

DREYFUS FOCUS FUNDS, INC.  
DREYFUS LARGE COMPANY VALUE  
Statement of Assets and Liabilities  
December 17, 1993

## ASSETS

Cash	\$25,000
Deferred organization expenses	25,531 -----
Total Assets	\$50,531

## LIABILITIES

Accrued organization expenses	25,531 -----
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NET ASSETS applicable to 2,000 shares of common stock (\$.001 par value) issued and outstanding (100 million shares authorized)	\$25,000 =====
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NET ASSET VALUE, and redemption price per share (\$25,000/2,000 shares of common stock issued and outstanding)	\$12.50 =====
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NOTE - Dreyfus Focus Funds, Inc. (the "Fund") was incorporated on November 16, 1993 and has had no operations since that date other than matters relating to its organization and registration as an open-end investment company under the Investment Company Act of 1940 and the Securities Act of 1933 and the sale and issuance of 2,000 shares of common stock of each Portfolio to The Dreyfus Corporation ("Initial Shares"). Organization expenses payable by the Fund have been deferred and will be amortized from the



date operations commence over a period which it is expected that a benefit will be realized, not to exceed five years. If any of the Initial Shares of any series are redeemed during the amortization period by any holder thereof, the redemption proceeds will be reduced by any unamortized organization expenses of that Portfolio in the same proportion as the number of Initial Shares being redeemed bears to the number of Initial Shares outstanding of that Portfolio at the time of the redemption.

DREYFUS FOCUS FUNDS, INC.  
DREYFUS SMALL COMPANY GROWTH  
Statement of Assets and Liabilities  
December 17, 1993

ASSETS

Cash	\$25,000
Deferred organization expenses	25,531
	-----
Total Assets	\$50,531

LIABILITIES

Accrued organization expenses	25,531
	-----

NET ASSETS applicable to 2,000 shares of common stock (\$.001 par value) issued and outstanding (100 million shares authorized)	\$25,000
	=====

NET ASSET VALUE, and redemption price per share (\$25,000/2,000 shares of common stock issued and outstanding)	\$12.50
	=====

NOTE - Dreyfus Focus Funds, Inc. (the "Fund") was incorporated on November 16, 1993 and has had no operations since that date other than matters relating to its organization and registration as an open-end investment company under the Investment Company Act of 1940 and the Securities Act of 1933 and the sale and issuance of 2,000 shares of common stock of each Portfolio to The Dreyfus Corporation ("Initial Shares"). Organization expenses payable by the Fund have been deferred and will be amortized from the date operations commence over a period which it is expected that a benefit will be realized, not to exceed five years. If any of the Initial Shares of any series are redeemed during the amortization period by any holder thereof, the redemption proceeds will be reduced by any unamortized organization expenses of that Portfolio in the same proportion as the number of Initial Shares being redeemed bears to the number of Initial Shares outstanding of that Portfolio at the time of the redemption.

DREYFUS FOCUS FUNDS, INC.  
DREYFUS SMALL COMPANY VALUE  
Statement of Assets and Liabilities

December 17, 1993

ASSETS

Cash	\$25,000
Deferred organization expenses	25,531
	-----
Total Assets	\$50,531

LIABILITIES

Accrued organization expenses	25,531
	-----
NET ASSETS applicable to 2,000 shares of common stock (\$.001 par value) issued and outstanding (100 million shares authorized)	\$25,000
	=====
NET ASSET VALUE, and redemption price per share (\$25,000/2,000 shares of common stock issued and outstanding)	\$12.50
	=====

NOTE - Dreyfus Focus Funds, Inc. (the "Fund") was incorporated on November 16, 1993 and has had no operations since that date other than matters relating to its organization and registration as a diversified, open-end investment company under the Investment Company Act of 1940 and the Securities Act of 1933 and the sale and issuance of 2,000 shares of common stock of each Portfolio to The Dreyfus Corporation ("Initial Shares"). Organization expenses payable by the Fund have been deferred and will be amortized from the date operations commence over a period which it is expected that a benefit will be realized, not to exceed five years. If any of the Initial Shares of any series are redeemed during the amortization period by any holder thereof, the redemption proceeds will be reduced by any unamortized organization expenses of that series in the same proportion as the number of Initial Shares being redeemed bears to the number of Initial Shares outstanding of that series at the time of the redemption.

REPORT OF INDEPENDENT AUDITORS

Shareholder and Board of Directors  
Dreyfus Focus Funds, Inc.

We have audited the accompanying statements of assets and liabilities of Dreyfus Focus Funds, Inc. (comprising Dreyfus Large Company Growth, Dreyfus Large Company Value, Dreyfus Small Company Growth and Dreyfus Small Company Value portfolios) as of December 17, 1993. These statements of assets and liabilities are the responsibility of the Fund's management. Our responsibility is to express an opinion on these statements of assets and liabilities based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether these statements of assets and liabilities are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of assets and liabilities. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of assets and liabilities presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the statements of assets and liabilities referred to above present fairly, in all material respects, the financial position of each of the respective portfolios constituting the Dreyfus Focus Funds, Inc. at December 17, 1993, in conformity with generally accepted accounting principles.

New York, New York  
December 20, 1993

Ernst & Young