

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **1994-01-19**
SEC Accession No. **0000777547-94-000001**

([HTML Version](#) on secdatabase.com)

FILER

OPPENHEIMER DISCOVERY FUND

CIK: **777547** | Fiscal Year End: **0930**
Type: **485BPOS** | Act: **33** | File No.: **033-00371** | Film No.: **94501825**

Business Address
*TWO WORLD TRADE CTR
NEW YORK NY 10048
2123230200*

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 / X /

PRE-EFFECTIVE AMENDMENT NO. ___ / /

POST-EFFECTIVE AMENDMENT NO. 13 / X /

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 / X /

AMENDMENT NO. 15 / X /

OPPENHEIMER DISCOVERY FUND

(Exact Name of Registrant as Specified in Charter)

Two World Trade Center
New York, New York 10048-0203

(Address of Principal Executive Offices)

212-323-0200

(Registrant's Telephone Number)

ANDREW J. DONOHUE, ESQ.
Oppenheimer Management Corporation
Two World Trade Center
New York, New York 10048-0203

(Name and Address of Agent for Service)

It is proposed that this filing will become effective (check appropriate box):

/ / Immediately upon filing pursuant to paragraph (b)

/ X / On January 20, 1994, pursuant to paragraph (b)

/ / 60 days after filing pursuant to paragraph (a)

/ / On _____ pursuant to paragraph (a)
of Rule 485

The Registrant has registered an indefinite number of shares under the Securities Act of 1933 pursuant to Rule 24f-2 promulgated under the Investment Company Act of 1940. A Rule 24f-2 Notice for the Registrant's fiscal year ended September 30, 1993 was filed on November 23, 1993.

FORM N-1A

OPPENHEIMER DISCOVERY FUND

Cross Reference Sheet

Part A of
Form N-1A

Item No.	Prospectus Heading
1	Cover Page
2	Fund Expenses
3	Financial Highlights; Total Return Information
4	Cover Page; The Fund and Its Investment Policies; Special Investment Methods; Investment Restrictions
5	Fund Expenses; Management of the Fund; Back Cover; Additional Information - The Custodian and the Transfer Agent
6	Dividends, Distributions and Taxes; Additional Information; Management of the Fund
7	How to Buy Shares; How to Redeem Shares; Exchanges of Shares and Retirement Plans; Service Plan
8	How to Redeem Shares
9	*

Part B of
Form N-1A
Item No.

Statement of Additional Information Heading

10	Cover Page
11	Cover Page
12	Investment Objective and Policies
13	Investment Objective and Policies; Investment Restrictions
14	Trustees and Officers; Investment Management Services
15	Trustees and Officers - Major Shareholders
16	Investment Management Services; Service Plan; Additional Information; Back Cover
17	Brokerage
18	Additional Information - Description of the Fund
19	Purchase, Redemption and Pricing of Shares; Automatic Withdrawal Plan Provisions; Letters of Intent
20	Performance, Dividend and Tax Information
21	Investment Management Services; Brokerage; Additional Information - General Distributor's Agreement; Financial Statements
22	Performance, Dividend and Tax Information
23	Financial Statements

*Not applicable or negative answer.

Oppenheimer Discovery Fund
Two World Trade Center, New York, NY 10048-0203
Telephone 1-800-525-7048

Oppenheimer Discovery Fund (the "Fund") is a mutual fund with the investment objective of capital appreciation. Current income is not an objective. In seeking its objective, the Fund emphasizes investments in securities of "growth-type" companies, including common stocks, preferred stocks, convertible securities, rights, warrants and options, in proportions which may vary from time to time. The selection of securities for their appreciation possibilities will use the methods described in this Prospectus under "Special Investment Methods," some of which involve speculative techniques. The Fund may also use certain hedging instruments. In an uncertain environment, temporary defensive investment methods may be stressed. See "The Fund and Its Investment Policies."

This Prospectus sets forth concisely information about the Fund that a prospective investor should know before investing. A Statement of Additional Information about the Fund (the "Additional Statement") dated January 20, 1994, has been filed with the Securities and Exchange Commission ("SEC") and is available without charge upon written request to Oppenheimer Shareholder Services (the "Transfer Agent"), P.O. Box 5270,

Denver, Colorado 80217, or by calling the toll-free number above. The Additional Statement (which is incorporated in its entirety by reference in this Prospectus) contains more detailed information about the Fund and its management, including more complete information about certain risk factors.

Investors are advised to read and retain this Prospectus for future reference. These securities may be considered to be speculative. Shares of the Fund are not deposits of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of principal.

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.

This Prospectus is effective January 20, 1994.

Table of Contents

	Page
Fund Expenses	
Financial Highlights	
The Fund and Its Investment Policies	
Special Investment Methods	
Investment Restrictions	
Management of the Fund	
How to Buy Shares	
Minimum Investment	
Sales Charge Table	
Contingent Deferred Sales Charge	
AccountLink	
PhoneLink	
Reduced Sales Charges	
Right of Accumulation	
Letter of Intent	
Other Circumstances	
Asset Builder Plans	
Service Plan	
How to Redeem Shares	
Regular Redemption Procedures	
Telephone Redemptions	
Distributions from Retirement Plans	
Automatic Withdrawal and Exchange Plans	
Repurchase	
Reinvestment Privilege	
General Information on Redemptions	
Exchanges of Shares and Retirement Plans	
Dividends, Distributions and Taxes	
Fund Performance Information	
Additional Information	

Fund Expenses

The following table sets forth the fees that an investor in the Fund might pay and the expenses paid by the Fund in its fiscal year ended September 30, 1993.

Shareholder Transaction Expenses

Maximum Sales Charge on Purchases (as a percentage of offering price)	5.75%
Sales Charge on Reinvested Dividends	None
Redemption Fee	None
Deferred Sales Load	None*
Exchange Fee	\$5.00

Annual Fund Operating Expenses (as a percentage of average net assets)

Management Fees	.73%
12b-1 (Service Plan) Fees	.24%
Other Expenses	.30%

Total Fund Operating Expenses 1.27%

* Certain purchases of \$1 million or more are not subject to front-end sales charges but a contingent deferred sales charge (maximum of 1.0%) is imposed on the proceeds of such shares redeemed within 18 months of the end of the calendar month of their purchase, subject to certain conditions. See "Contingent Deferred Sales Charge," below.

The purpose of this table is to assist an investor in understanding the various costs and expenses that an investor in the Fund will bear directly (shareholder transaction expenses) or indirectly (annual fund operating expenses). The sales charge rate in the table is the current maximum rate applicable to purchases of Fund shares. Investors may be entitled to reduced sales charges based on the amount purchased or the value of shares already owned and may be subject to a contingent deferred sales charge in limited circumstances (see "How to Buy Shares"). "Other Expenses" includes such expenses as custodial and transfer agent fees, audit, legal and other business operating expenses, but excludes extraordinary expenses. For further details, see the Fund's Financial Statements included in the Additional Statement.

The following example applies the above-stated expenses and the current maximum sales charge to a hypothetical \$1,000 investment in shares of the Fund over the time periods shown below, assuming a 5% annual rate of return on the investment and also assuming that the shares are redeemed at the end of each stated period. The amounts shown below are the cumulative costs of such hypothetical \$1,000 investment for the periods shown.

1 year	3 years	5 years	10 years
\$70	\$95	\$123	\$202

This example should not be considered a representation of past or future expenses or performance. Expenses are subject to change and actual performance and expenses may be less or greater than those illustrated above.

Financial Highlights

Selected data for a share of the Fund outstanding throughout each period

The information in the table below has been audited by KPMG Peat Marwick, independent auditors, whose report on the financial statements of the Fund for the fiscal year ended September 30, 1993, is included in the Additional Statement.

Financial Highlights

<TABLE>
<CAPTION>

	Year Ended September 30,							
	1993	1992+	1991	1990	1989	1988	1987	1986++
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Data:								
Net asset value, beginning of period	\$ 27.62	\$ 26.03	\$ 17.97	\$ 24.51	\$ 17.62	\$ 21.49	\$ 14.21	\$14.29
Income (loss) from investment operations:								
Net investment income (loss)	(.13)	(.17)	.06	.16	.29	.14	.02	.02
Net realized and unrealized gain (loss) on investments and options written	12.41	3.05	8.87	(4.84)	6.74	(1.98)	7.28	(.10)
Total income (loss) from investment operations	12.28	2.88	8.93	(4.68)	7.03	(1.84)	7.30	(.08)
Dividends and distributions to shareholders:								
Dividends from net investment income	--	--	(.19)	(.30)	(.14)	(.05)	(.02)	--
Distributions from net realized gain on investments and options written	--	(1.29)	(.68)	(1.56)	--	(1.98)	--	--
Total dividends and distributions to shareholders	--	(1.29)	(.87)	(1.86)	(.14)	(2.03)	(.02)	--
Net asset value, end of period	\$ 39.90	\$ 27.62	\$ 26.03	\$ 17.97	\$ 24.51	\$ 17.62	\$ 21.49	\$14.21
Total Return, at Net Asset Value**	44.46%	11.28%	51.88%	(20.34)%	40.23%	(7.11)%	51.08%	(.56)%

Ratios/Supplemental Data:

Net assets, end of period (in thousands)	\$587,057	\$294,010	\$117,110	\$50,357	\$53,793	\$33,361	\$35,834	\$1,353
Average net assets (in thousands)	\$451,016	\$218,065	\$ 75,083	\$54,454	\$40,641	\$32,089	\$21,439	\$1,173
Number of shares outstanding at end of period (in thousands)	14,713	10,647	4,499	2,802	2,195	1,894	1,667	95
Ratios to average net assets:								
Net investment income (loss) Expenses	(.54)% 1.27 %	(.62)% 1.52 %	.22% 1.42%	.83% 1.53%	1.52% 1.46%	.80% 1.52%	.19% 1.74%	3.55%* 1.50%*
Portfolio turnover rate***	85.2 %	67.9 %	158.1%	234.6%	132.0%	169.0%	145.4%	0.0%

<FN>

</TABLE>

*Annualized.

**Assumes a hypothetical initial investment on the business day before the

first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Sales charges are not reflected in the total returns.

***The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation.

Purchases and sales of investment securities (excluding short-term securities) for the year ended September 30, 1993 were \$478,940,105 and \$354,427,899, respectively.

+Per share amounts calculated based on the weighted average number of shares outstanding during the year.

++For the period from September 11, 1986 (commencement of operations) to September 30, 1986.

The Fund And Its Investment Policies

The Fund is an open-end, diversified management investment company organized as a Massachusetts business trust in 1985. In seeking its objective of capital appreciation, the Fund will emphasize investment in securities considered by the Fund's investment adviser, Oppenheimer Management Corporation (the "Manager"), to have appreciation possibilities. Such securities may either be listed on securities exchanges or traded in the over-the-counter market. The over-the-counter market is a negotiated marketplace, with no centralized trading floor, but in which transactions are conducted through telephone and computer networks among dealers and brokers. There are over-the-counter markets in the U.S. and foreign countries, and the Fund may trade in both domestic and foreign markets. See "Over-the-Counter" Securities in the Additional Statement for further information on securities traded in the over-the-counter market, including a discussion of the possibility of less liquidity in trading such securities and the possibility of greater price volatility than for securities listed on exchanges.

The Fund emphasizes investment in securities of growth-type issuers, including emerging growth companies, described below, primarily common stocks of such issuers or securities having investment characteristics of common stocks (for example, securities convertible into common stocks). The Fund fully expects a substantial portion of its assets to continue to be invested in over-the-counter securities. The Fund is designed for investors who are willing to accept greater risks of loss in the hopes of greater gains, and is not intended for those who desire assured income and conservation of capital. The Fund's investment policies and practices are not "fundamental" policies (as defined below) unless a particular policy is identified as fundamental. The Board may change non-fundamental investment policies without shareholder approval.

The fact that a security selected for possible appreciation has a low

yield or negligible yield will not be an adverse factor in its selection (unless such lack of yield might adversely affect appreciation possibilities), nor will yield be a consideration in choosing defensive investments, described below. The Fund's investment policies are speculative and involve substantial risks. Since market risks are inherent in all securities to varying degrees, assurance cannot be given that the Fund's investment objective will be met.

Growth-Type Issuers and Emerging Growth Companies

Typically, growth-type issuers are those whose goods or services have relatively favorable long-term prospects for increasing demand, or ones which develop new products, services, or markets and normally retain a relatively large part of their earnings for research, development and investment in capital assets. They may also include companies in the natural resources fields or those developing industrial applications for new scientific knowledge having a potential for technological innovation, such as nuclear energy, oceanography, business services and new consumer products. The Fund may also invest from time to time in cyclical industries such as insurance and forest products, when the Manager believes that they present opportunities for capital growth.

Investment opportunities will be sought usually among smaller, less well-known companies, but securities of large, well-known companies (not generally included in the definition of growth-type companies) also may be purchased, particularly at times when the Manager believes that the amounts of securities of smaller companies available at prices which may be expected to appreciate are insufficient to affect substantially the performance of the Fund.

Growth-type issuers in which the Fund may invest include emerging growth companies. Emerging growth companies are beyond their initial start-up periods but have not yet reached a state of established growth or maturity. The rate of growth of such companies at times may be dramatic. However investments of this type generally involve greater risk than is customarily associated with large, more seasoned companies. Emerging growth companies often have products and management personnel that have not been thoroughly tested by time or the marketplace; their financial resources may not be as substantial as those of more established companies. On the other hand, such companies often provide new products or services that enable them to capture a dominant or important market position, or have a special area of expertise, or are able to take advantage of changes in demographic factors in a way that is more profitable than that of other companies.

Foreign Securities

The Fund may purchase foreign securities that are listed on a domestic or foreign securities exchange or are represented by American Depository Receipts listed on a domestic securities exchange, or traded in the U.S. over-the-counter market. The Fund has no restrictions on the amount of its assets that may be invested in foreign securities, and may purchase securities issued by issuers in any country, developed or underdeveloped. If the Fund's securities are held abroad, the countries in which such securities may be held and the sub-custodians holding them in most cases must be approved by the Fund's Board of Trustees under applicable SEC rules. The Fund may convert U.S. dollars into foreign currency, but only to effect securities transactions on foreign securities exchanges and not to hold such currency as an investment. See "Foreign Securities" in the Additional Statement for more information about the possible rewards and risks of investing in foreign securities. In summary, such risks may include foreign taxation, changes in currency rates or currency blockage, currency exchange costs, greater volatility and less liquidity than investments in domestic securities, and differences between domestic and foreign legal, auditing, brokerage and economic standards.

Small, Unseasoned Companies

The Fund may invest in securities of small, unseasoned companies (which are issuers that, together with any predecessors, have been in operation for less than three years), as well as in securities of more established companies. In view of the volatility of price movements of the former, the Fund currently intends to invest no more than 10% of its total assets in securities of small, unseasoned issuers, while reserving the right to invest up to 20% of its assets in such issuers. The securities of small, unseasoned companies may have a limited trading market, which might adversely affect the Fund's ability to dispose of such securities and can result in lower prices for such securities than might otherwise be the case. If other investors holding the same securities as the Fund sell them when the Fund attempts to dispose of its holdings, the Fund might receive lower prices than might otherwise be obtained, because of the thinner market for such securities.

Temporary Defensive Investments

In an uncertain investment environment, temporary defensive

investment methods may be stressed, such as debt securities, including rated or unrated bonds and debentures, and preferred stocks or cash or cash equivalents. The securities selected for such temporary defensive purposes may include U.S. Treasury bills and other short-term obligations of the U.S. Government, its agencies or instrumentalities, and commercial paper rated at least "A-1" by Standard & Poor's Corporation ("Standard & Poor's") or "Prime-1" by Moody's Investors Service, Inc. ("Moody's"). It is expected that the emphasis of defensive security selection will be on short-term debt securities (i.e., those maturing in one year or less from the date of purchase), since such securities usually may be disposed of quickly at prices not involving significant gains or losses. If any bonds or debentures are purchased for defensive purposes, they will be rated at least "A" by Standard & Poor's or Moody's, or, if unrated, will be of equivalent quality in the opinion of the Manager.

Portfolio Turnover

The Fund may engage frequently in short-term trading. High portfolio turnover and short-term trading involve correspondingly greater commission expenses and transaction costs. See "Financial Highlights" for data about the Fund's portfolio turnover rate. Also, see "Dividends, Distributions and Taxes" in this Prospectus and "Tax Aspects of Covered Calls and Hedging Instruments" under "Investment Objective and Policies" in the Additional Statement for a further discussion of the tax effects of short-term trading.

Special Investment Methods

Special Risk Considerations - Borrowing

From time to time, the Fund may increase its ownership of securities by borrowing from banks on an unsecured basis and investing the borrowed funds (on which the Fund will pay interest), subject to the 300% asset coverage requirement as to such loans under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Purchasing securities with borrowed funds is a speculative investment method known as "leverage." There are risks associated with leveraging purchases of portfolio securities by borrowing, including possible reduction of income and increased fluctuation of net asset value per share. For further discussion of such risks and other details, see "Investment Objective and Policies - Borrowing" in the Additional Statement.

Warrants

The Fund may invest up to 5% of its total assets in warrants (other than those that have been acquired in units or attached to other securities). No more than 2% of the Fund's assets may be invested in warrants that are not listed on the New York or American Stock Exchanges. Warrants are options to purchase equity securities at specific prices valid for a specific period of time. Those prices do not necessarily move in a manner parallel to the prices of the underlying securities. The price paid for a warrant will be foregone unless the warrant is exercised prior to its expiration. Warrants have no voting rights, receive no dividends and have no rights with respect to the assets of the issuer.

Special Situations

The Fund may invest without limit in "special situations" that the Manager believes present opportunities for capital growth. A "special situation" exists when a merger, reorganization, or other unusual development is expected to occur which, in the opinion of the Manager, may prompt an increase in the value of a company's securities regardless of general business conditions or the movement of the market as a whole. There is a risk that the price of the security may decline if the anticipated development fails to occur.

Illiquid and Restricted Securities

The Fund will not purchase or otherwise acquire any security that may be illiquid by virtue of the absence of a readily available market or because its disposition would be subject to legal or contractual restrictions on resale ("restricted securities") if, as a result, more than 15% of its net assets would be invested in illiquid securities (including repurchase agreements maturing in more than seven days, over-the-counter options held by the Fund, and that portion of Fund assets used to cover such options). This policy does not limit purchases of restricted securities eligible for resale to qualified institutional purchasers pursuant to Rule 144A under the Securities Act of 1933 that are determined to be liquid by the Board of Trustees, or by the Manager under Board-approved guidelines. Such guidelines take into account trading activity for such securities and the availability of reliable pricing information, among other factors. If there is a lack of trading interest in particular Rule 144A securities, the Fund's holdings of those securities may be illiquid. There may be undesirable delays in selling

such securities at prices representing their fair value. See "Illiquid and Restricted Securities" in the Additional Statement for further details. The Fund currently intends to invest no more than 10% of its net assets in illiquid and restricted securities, excluding securities eligible for resale pursuant to Rule 144A under the Securities Act of 1933 that are determined to be liquid by the Board of Trustees or by the Manager under Board-approved guidelines.

Loans of Portfolio Securities

To attempt to increase its income for liquidity purposes, the Fund may lend its portfolio securities (other than in repurchase transactions) to qualified borrowers if the loan is collateralized in accordance with applicable regulatory requirements and if, after any loan, the value of the securities loaned does not exceed 25% of the value of the Fund's total assets. In connection with securities lending, the Fund might experience risks of delay in receiving additional collateral, or risks of delay in recovery of the loaned securities, or loss of rights in the collateral should the borrower fail financially. The Fund presently does not intend that the value of securities loaned will exceed 5% of the value of the Fund's total assets in the coming year. See "Loans of Portfolio Securities" in the Additional Statement for further information on securities loans.

Repurchase Agreements

The Fund may acquire securities subject to repurchase agreements to generate income for liquidity purposes to meet anticipated redemptions, or pending the investment of proceeds from sales of Fund shares or settlement of purchases of portfolio investments. The Fund's repurchase agreements require that at all times while the repurchase agreement is in effect, the value of the collateral must equal or exceed the purchase price to fully collateralize the repayment obligation. However, if the seller of the securities fails to pay the agreed-upon repurchase price on the delivery date, the Fund's risks may include the costs of disposing of collateral, and losses that might result from any delay in foreclosing on the collateral. There is no limit on the amount of the Fund's net assets that may be subject to repurchase agreements having a maturity of seven days or less. The Fund will not enter into a repurchase transaction which will cause more than 10% of the Fund's net assets to be subject to repurchase agreements having a maturity of more than seven days. See "Repurchase Agreements" in the Additional Statement for further information.

Covered Call Options and Hedging

The Fund may write (i.e., sell) covered call options to generate income for liquidity or defensive reasons. For hedging purposes, the Fund may purchase certain put and call options, Stock Index Futures (described below), and options on Stock Index Futures and broadly-based stock indices, all of which are referred to as "Hedging Instruments." In general, the Fund may use Hedging Instruments: (1) to attempt to protect against declines in the market value of the Fund's portfolio securities or Stock Index Futures, and thus protect the Fund's net asset value per share against downward market trends, or (2) to establish a position in the equity securities markets as a temporary substitute for purchasing particular equity securities. The Fund will not use Hedging Instruments for speculation. The covered calls and Hedging Instruments the Fund may use are described below and in greater detail under "Covered Calls and Hedging" in the Additional Statement.

- Writing Covered Call Options. The Fund may write call options ("calls") if: (i) the calls are listed on a domestic securities or commodities exchange or quoted on the Automated Quotation System of the National Association of Securities Dealers, Inc. ("NASDAQ"), and (ii) the calls are "covered" (i.e., the Fund owns the securities or Futures subject to the call or other securities acceptable for applicable escrow arrangements) while the call is outstanding. A call written on a Stock Index Future must be covered by deliverable securities or segregated liquid assets to satisfy the Futures Contract.

- Purchasing Puts and Calls. The Fund may purchase put options ("puts") which relate to securities or Stock Index Futures (whether or not it holds such securities or Stock Index Futures in its portfolio), or broadly-based stock indices. The Fund may purchase calls as to securities, securities indices or Stock Index Futures, or to effect a "closing purchase transaction" to terminate its obligation as to a call it has previously written. A call or put may be purchased only if, after such purchase, the value of all put and call options held by the Fund would not exceed 5% of the Fund's total assets.

- Writing Puts. The Fund may write puts on securities, securities indices or Futures only if such puts are covered by segregated liquid assets. The Fund may not write puts if, as a result, more than 50% of the

Fund's net assets would be required to be segregated liquid assets.

- Foreign Currency Options. The Fund may purchase and write puts and calls on foreign currencies that are traded on a securities or commodities exchange or an over-the-counter market or quoted by major recognized dealers in such options, for the purpose of protecting against declines in the dollar value of foreign securities and against increases in the dollar cost of foreign securities to be acquired. If a rise is anticipated in the dollar value of a foreign currency in which securities to be acquired are denominated, the increased cost of such securities may be partially offset by purchasing calls or writing puts on that foreign currency. If a decline in the dollar value of a foreign currency is anticipated, the decline in value of portfolio securities denominated in that currency may be partially offset by writing calls or purchasing puts on that foreign currency. However, in the event of currency rate fluctuations adverse to the Fund's position, it would lose the premium it paid and incur transactions costs.

- - Forward Contracts. The Fund may enter into foreign currency exchange contracts ("Forward Contracts"), which obligate the seller to deliver and the purchaser to take a specific amount of foreign currency at a specific future date for a fixed price. The Fund may enter into a Forward Contract in order to "lock in" the U.S. dollar price of a security denominated in a foreign currency which it has purchased or sold but which has not yet settled, or to protect against a possible loss resulting from an adverse change in the relationship between the U.S. dollar and a foreign currency. There is a risk that use of Forward Contracts may reduce the gain that would otherwise result from a change in the relationship between the U.S. dollar and a foreign currency. Forward Contracts include standardized foreign currency futures contracts which are traded on exchanges and are subject to procedures and regulations applicable to other Futures. The Fund may also enter into a Forward Contract to sell a foreign currency denominated in a currency other than that in which the underlying security is denominated. This is done in the expectation that there is a greater correlation between the foreign currency of the Forward Contract and the foreign currency of the underlying investment than between the U.S. dollar and the foreign currency of the underlying investment. This technique is referred to as "cross hedging". The success of cross hedging is dependent on many factors, including the ability of the Manager to correctly identify and monitor the correlation between foreign currencies and the U.S. dollar. To the extent that the correlation is not identical, the Fund may experience losses or gains on both the underlying security and the cross currency hedge.

The Fund will not speculate in foreign currency exchange contracts. There is no limitation as to the percentage of the Fund's assets that may be committed to foreign currency exchange contracts. The Fund does not enter into such Forward Contracts or maintain a net exposure in such contracts to the extent that the Fund would be obligated to deliver an amount of foreign currency in excess of the value of the Fund's portfolio securities denominated in that currency, or enter into a cross-hedge unless it is denominated in a currency or currencies that the Manager believes will have price movements that tend to correlate closely with the currency in which the investment being hedged is denominated. See "Tax Aspects of Covered Calls and Hedging Instruments" in the Additional Statement for a discussion of the tax treatment of foreign currency exchange contracts.

- Stock Index Futures. The Fund may buy and sell futures contracts only if they relate to broadly-based stock indices ("Stock Index Futures"). A stock index is "broadly-based" if it includes stocks that are not limited to issuers in any particular industry or group of industries. Stock Index Futures obligate the seller to deliver (and the purchaser to take) cash to settle the futures transaction, or to enter into an offsetting contract. No physical delivery of the underlying stocks in the index is made.

- Interest Rate Swap Transactions. The Fund may enter into interest rate swaps. In an interest rate swap, the Fund and another party exchange their respective commitments to pay or receive interest on a security, (e.g., an exchange of floating rate payments for fixed rate payments). The Fund will not use interest rate swaps for leverage. Swap transactions will be entered into only as to security positions held by the Fund. The Fund may not enter into swap transactions with respect to more than 50% of its total assets.

The Fund will segregate liquid assets (e.g., cash, U.S. Government securities or other appropriate high grade debt obligations) equal to the net excess, if any, of its obligations over its entitlements under the swap and will mark to market that amount daily. See "Covered Calls and

Hedging -- Interest Rate Swap Transactions" in the Additional Statement for details.

- Risks of Options and Futures Trading. "Covered Calls and Hedging" in the Additional Statement contains more information about options and Futures, including the payment of premiums for options trades, and on the tax effects, risks and possible benefits to the Fund from options trading, and information as to the Fund's other limitations on investment in Futures and options thereon. The principal risks of Futures trading are: (a) possible imperfect correlation between the prices of the Futures and the market value of the Fund's portfolio securities; (b) possible lack of a liquid secondary market for closing out a Futures position; (c) the need for additional skills and techniques beyond those required for normal portfolio management; and (d) losses resulting from market movements not anticipated by the Manager. There are certain risks in writing calls. If a call written by the Fund is exercised, the Fund forgoes any profit from any increase in the market price above the call price of the underlying investment on which the call was written.

Short Sales Against-the-Box

The Fund may not sell securities short except in "short sales against-the-box." Such short sales are subject to the limits described in "Investment Restrictions," below. See "Short Sales Against-the-Box" in the Additional Statement for further details.

Investment Restrictions

The Fund has certain investment restrictions which, together with its investment objective, are fundamental policies changeable only by the vote of a "majority," as defined in the Investment Company Act, of the Fund's outstanding voting securities. Under some of those restrictions the Fund cannot: (1) invest in securities (except those of the U.S. Government or its agencies or instrumentalities) of any issuer if immediately thereafter (a) more than 5% of the Fund's total assets would be invested in securities of that issuer, or (b) the Fund would then own more than 10% of that issuer's voting securities; (2) make short sales of securities except "short sales against-the-box"; in such short sales, at all times during which a short position is open, the Fund must own an equal amount of such securities, or by virtue of ownership of securities have the right, without payment of further consideration, to obtain an equal amount of the securities sold short; no more than 15% of the Fund's net assets will be held as collateral for such short sales at any one time; (3) concentrate investments in any particular industry; therefore the Fund will not purchase the securities of companies in any one industry if, thereafter, more than 25% of the value of the Fund's assets would consist of securities of companies in that industry; or (4) deviate from the percentage requirements listed under "Special Investment Methods" (other than those applicable to illiquid securities), from the limitations as to the type of calls the Fund may write in "Writing Covered Call Options," or from the restrictions as to what foreign securities may be purchased as described in "Foreign Securities." The percentage restrictions described above and in the Additional Statement apply only at the time of investment and require no action by the Fund as a result of subsequent changes in value of an investment or the size of the Fund. A supplementary list of investment restrictions is contained in the Additional Statement.

Management Of The Fund

The Fund's Board of Trustees has overall responsibility for the management of the Fund under the laws of Massachusetts governing the responsibilities of trustees of business trusts. Subject to the authority of the Board of Trustees, the Manager is responsible for day-to-day management of the Fund's business, supervises the investment operations of the Fund and the composition of its portfolio and furnishes advice and recommendations with respect to investments, investment policies and the purchase and sale of securities, pursuant to an investment advisory agreement (the "Agreement") with the Fund.

Under the Agreement, the Fund pays a monthly management fee to the Manager at the following annual rates, which are higher than those paid by most other investment companies: 0.75% of the first \$200 million of net assets, 0.72% of the next \$200 million; 0.69% of the next \$200 million; 0.66% of the next \$200 million; and 0.60% of average net assets over \$800 million.

The Agreement contains provisions relating to the selection of brokers and dealers ("brokers") for the Fund's portfolio transactions. Subject to the Agreement, the Manager may consider sales of shares of the Fund and of the other investment companies advised by the Manager and its affiliates as a factor in the selection of brokers for the Fund's portfolio transactions. "Investment Management Services" in the

Additional Statement contains more information about the Agreement, including a description of expense assumption arrangements, exculpation provisions and brokerage practices.

Jay Tracey is a Vice President of the Manager who serves as the Portfolio Manager and a Vice President of the Fund. Since October, 1991, he has been the person principally responsible for the day-to-day management of the Fund's portfolio. During the past five years, Mr. Tracey has also served as an officer of other OppenheimerFunds, prior to which he was Senior Vice President of Founders Asset Management, Inc. (mutual fund adviser), prior to which he was a securities analyst and portfolio manager of Berger Associates, Inc. (investment adviser). For more information, see "Trustees and Officers" in the Additional Statement.

The Manager has operated as an investment adviser since April 30, 1959. The Manager and its affiliates currently advise U.S. investment companies with assets aggregating over \$25 billion as of September 30, 1993, and having more than 1.8 million shareholder accounts. The Manager is owned by Oppenheimer Acquisition Corp., a holding company owned in part by senior management of the Manager and ultimately controlled by Massachusetts Mutual Life Insurance Company, a mutual life insurance company that also advises pension plans and investment companies.

How To Buy Shares

The Fund's shares may be purchased through any dealer or broker that has a sales agreement with the Fund's distributor, Oppenheimer Funds Distributor, Inc. (the "Distributor"), a subsidiary of the Manager. There are two ways to make an initial investment: either (1) complete an OppenheimerFunds New Account Application and mail it with payment to the Distributor at P.O. Box 5270, Denver, Colorado 80217 (if no dealer or broker is named in the Application, the Distributor will act as the dealer), or (2) order the shares through your dealer or broker.

The minimum initial investment is \$1,000, except as otherwise described in this Prospectus. Subsequent purchases must be at least \$25 and may be made (1) through authorized dealers or brokers, (2) by forwarding payment to the Distributor at the above address with the names of all account owners, the account number and the name of the Fund or (3) automatically through Asset Builder Plans or by telephone using AccountLink, described below. Under an Asset Builder Plan, 403(b)(7) custodial plan, Automatic Exchange Plan, or military allotment plan, initial and subsequent investments must be at least \$25. The minimum initial and subsequent purchase requirements are waived on purchases made by reinvesting dividends from any of the "Eligible Funds" listed in "Right of Accumulation," below, or by reinvesting distributions from unit investment trusts for which reinvestment arrangements have been made with the Distributor. No share certificates will be issued for shares of the Fund unless specifically requested in writing by a purchaser or the dealer or broker.

Shares are sold at their offering price, which (as used in this Prospectus and the Additional Statement) is net asset value per share plus a sales charge, except that as to certain purchases described below that are not subject to a front-end sales charge, the offering price is net asset value. The offering price (and net asset value) is determined as of 4:00 P.M. (all references to time in this Prospectus mean New York time), each day The New York Stock Exchange is open (a "regular business day"). Net asset value per share is determined by dividing the value of the Fund's net assets by the number of shares outstanding. The Fund's Board of Trustees has established procedures for the valuation of the Fund's securities. In general, those valuations are based on market value, with special provisions for: (i) securities not having readily-available market quotations, (ii) short-term debt securities and (iii) covered calls and Hedging Instruments. Further details are under "Purchase, Redemption and Pricing of Shares" in the Additional Statement.

The following table shows the regular sales charge rates for a "single purchaser" (defined below in "Right of Accumulation"), together with the dealer discounts paid to dealers and the agency commissions paid to brokers (collectively, "commissions"):

Amount of Purchase	Front-End Sales Charge as Percentage of Offering Price	Front-End Sales Charge as Approximate Percentage of Amount Invested	Commission as Percentage of Offering Price
Less than \$25,000	5.75%	6.10%	4.75%

\$25,000 or more but less than \$50,000	5.50%	5.82%	4.75%
\$50,000 or more but less than \$100,000	4.75%	4.99%	4.00%
\$100,000 or more but less than \$250,000	3.75%	3.90%	3.00%
\$250,000 or more but less than \$500,000	2.50%	2.56%	2.00%
\$500,000 or more but less than \$1 million	2.00%	2.04%	1.60%
\$1 million or more	None*	None*	None*

* See "Contingent Deferred Sales Charge," below.

The commissions shown in the table apply to sales through authorized dealers and brokers. Under certain circumstances, commissions up to the amount of the entire sales charge may be reallocated to dealers or brokers, who then might be deemed to be "underwriters" under the Securities Act of 1933. Commission rates may vary among the funds for which the Manager and its affiliates act as investment advisers.

The Distributor may advance up to 13 months' commissions to dealers that have entered into special arrangements with the Distributor as to purchases made by their clients under Oppenheimer Asset Builder Plans. The Distributor may, from time to time, enter into arrangements with specific dealers whereby the Distributor may make additional payments to that dealer based, in part, on that dealer meeting certain sales criteria. Such additional payments may be based on sales for a specific period of time, shares of certain or all of the "Eligible Funds" (defined below) held by the dealer and/or its customers, or some combination thereof. If a registered representative of a securities dealer sells more than \$2.5 million of shares of "Eligible Funds" other than "Money Market Funds" (defined below) in a calendar year, the dealer firm is eligible to send such representative, with a guest, to a three-day sales conference (generally held in a resort), if one is sponsored and held by the Distributor; or in lieu of sending such representative, that firm may, at its option, receive the equivalent cash value as additional commission.

Dealers whose sales of Class A shares of "Eligible Funds" other than "Money Market Funds" (defined below) under Oppenheimer Funds - sponsored 403(b)(7) custodial plans (which must be held in accounts registered in the name of a custodian for such plans) exceed a rate of \$5 million per year, calculated per calendar quarter, will receive monthly one-half of the Distributor's retained commission on such sales. Dealers whose sales of such plans exceed a rate of \$10 million per year, calculated per calendar quarter, will receive the Distributor's entire retained commission on such sales; such dealers also may be deemed to be "underwriters" as described above.

All purchase orders received by the Distributor at its address in Denver, Colorado prior to 4:00 P.M. on a regular business day, are processed at that day's offering price. However, an order received by the Distributor from a dealer or broker after the offering price is determined that day will receive such offering price if the order was received by the dealer or broker from its customer prior to 4:00 P.M. and was transmitted to and received by the Distributor prior to its close of business that day (normally 5:00 P.M.). Purchase orders received on other than a regular business day will be executed on the next succeeding regular business day. The Distributor, in its sole discretion, may accept or reject any order for the purchase of the Fund's shares. The sale of shares will be suspended during any period in which the determination of net asset value is suspended and may be suspended by the Board of Trustees whenever it judges it in the best interest of the Fund to do so.

Contingent Deferred Sales Charge

On purchases of all "Eligible Funds" by a "single purchaser" (defined below in "Right of Accumulation") aggregating \$1 million or more, the Distributor will pay authorized dealers an amount equal to 1.0% of the first \$2.5 million of such purchases, plus 0.50% of the next \$2.5 million, plus 0.25% of such amounts in excess of \$5 million. A contingent deferred sales charge ("CDSC") will be deducted from the redemption proceeds of shares as to whose purchase the Distributor has made such payments to dealers if the shares are redeemed within 18 months of the end of the calendar month of their purchase. The CDSC shall be an amount equal to 1.0% of the lesser of the aggregate net asset value of the redeemed shares (not including shares purchased by reinvestment of dividends or capital

gains) or the original cost of such shares. However, the total CDSC paid on such shares shall not exceed the aggregate commissions paid to dealers on all shares of "Eligible Funds" purchased subject to a CDSC by that "single purchaser."

The CDSC does not apply to purchases at net asset value described in "Other Circumstances" and will be waived in the case of redemptions of shares made for: (i) retirement distributions (or loans) to participants or beneficiaries from retirement plans qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), or from Individual Retirement Accounts ("IRAs"), 403(b)(7) plans, deferred compensation plans created under Section 457 of the Internal Revenue Code or other employee benefit plans (collectively, "Retirement Plans"); (ii) returns of excess contributions to such Retirement Plans; (iii) Automatic Withdrawal Plan payments limited to no more than 12% of the original account value annually; and (iv) involuntary redemptions of shares by operation of law or under procedures set forth in the Fund's Declaration of Trust or as adopted by the Board of Trustees (collectively, "Involuntary Redemptions").

Some or all of the proceeds of redeemed shares on which a CDSC was paid on redemption and which are subsequently reinvested under the "Reinvestment Privilege" (described below) may be reinvested within 6 months of redemption without sales charge at net asset value on the reinvestment date if the investor notifies the Distributor that the privilege applies. Additionally, no CDSC is charged on exchanges, pursuant to the Fund's Exchange Privilege (described below), of shares purchased subject to a CDSC, except that if the shares acquired by exchange are redeemed within 18 months of the end of the calendar month of the initial purchase of the exchanged shares, the CDSC will apply. In determining whether a CDSC is payable, and the amount of any such CDSC, shares not subject to a CDSC are redeemed first, including shares purchased by reinvestment of dividends and capital gains distributions, and then other shares are redeemed in the order of purchase.

AccountLink

OppenheimerFunds AccountLink is a means to link a shareholder's Fund account with an account at a U.S. bank or other financial institution that is an Automated Clearing House ("ACH") member. AccountLink can be used to transmit funds by electronic funds transfers for account transactions, including subsequent share purchases. The minimum investment by AccountLink is \$25. Purchases of up to \$250,000 may be made by telephone using AccountLink (the maximum is \$100,000 if the transaction is done by PhoneLink, described below). To speak to service operators to initiate such purchases, call the Distributor at 1-800-852-8457. To initiate such purchases automatically using PhoneLink, call 1-800-533-3310. All such calls will be recorded. Shares will be purchased on the regular business day the Distributor is instructed to initiate the ACH transfer to buy the shares. Dividends will begin to accrue on such shares on the day the Fund receives Federal Funds for such purchase through the ACH system before 4:00 P.M., which is normally three days after the ACH transfer is initiated. If such Federal Funds are received after that time, dividends will begin to accrue on the next regular business day after such Federal Funds are received.

AccountLink may also be used as a means of transmitting redemption proceeds to a designated bank account (see "How to Redeem Shares") or to transmit distributions paid by the Fund directly to a bank account (see "Dividends and Distributions"). AccountLink privileges must be requested on the application used to buy shares or the dealer settlement instructions establishing the account, or on subsequent signature-guaranteed instructions to the Transfer Agent from all shareholders of record for an account, and such privileges thereupon apply to each shareholder of record and the dealer representative of record unless and until the Transfer Agent receives written instructions from a shareholder of record canceling such privileges. The Transfer Agent, the Fund and the Distributor have adopted reasonable procedures to confirm that telephone instructions under AccountLink and under PhoneLink, Telephone Redemptions and Exchange Privilege (described below) are genuine, by requiring callers to provide tax identification number(s) and other account data and by recording calls and confirming such transactions in writing. If the Transfer Agent and the Distributor do not use such procedures, they may be liable for losses due to unauthorized transactions, but otherwise they will not be liable for losses or expenses arising out of telephone instructions reasonably believed to be genuine. Changes of bank account information must be made by signature-guaranteed instructions to the Transfer Agent by all shareholders of record for an account. The Fund reserves the right to amend, suspend or discontinue AccountLink privileges at any time without prior notice.

PhoneLink

PhoneLink is the OppenheimerFunds automated telephone system which

enables shareholders of the Fund to initiate account transactions automatically by telephone, including exchanges between existing accounts (see "Exchange Privilege," below), redemptions (see "How to Redeem Shares - Telephone Redemptions," below) and purchases (see "AccountLink," above). Certain PhoneLink transactions may be done automatically using a touchtone telephone, provided that the shareholder uses a Personal Identification Number ("PIN") which may be obtained through PhoneLink by calling 1-800-533-3310. If an account has multiple owners, the Transfer Agent and the Distributor may rely on any instructions through PhoneLink initiated using a PIN. The Distributor, the Transfer Agent, and the Fund will not be responsible for any damages, losses or expenses arising out of such instructions. The Fund reserves the right to amend, suspend or discontinue PhoneLink privileges at any time without prior notice.

Reduced Sales Charges

The sales charge rates in the table above may be reduced as follows:

- Right of Accumulation. In calculating the sales charge rate applicable to current purchases of Fund shares, a "single purchaser" (defined below) is entitled to cumulate current purchases with the greater of: (1) amounts previously paid for or (2) the current value (at offering price) of, shares of the Fund and certain other "Eligible Funds" if sold subject to an initial sales charge and if the investment is still held in one of the Eligible Funds. The Eligible Funds are those for which the Distributor or an affiliate acts as the distributor and include the following: (i) the Fund, Oppenheimer Tax-Free Bond Fund, Oppenheimer New York Tax-Exempt Fund, Oppenheimer California Tax-Exempt Fund, Oppenheimer Pennsylvania Tax-Exempt Fund, Oppenheimer Florida Tax-Exempt Fund, Oppenheimer Insured Tax-Exempt Bond Fund, Oppenheimer Intermediate Tax-Exempt Bond Fund, Oppenheimer Champion High Yield Fund, Oppenheimer High Yield Fund, Oppenheimer Total Return Fund, Inc., Oppenheimer Asset Allocation Fund, Oppenheimer U.S. Government Trust, Oppenheimer Mortgage Income Fund, Oppenheimer Government Securities Fund, Oppenheimer Global Bio-Tech Fund, Oppenheimer Global Environment Fund, Oppenheimer Global Growth & Income Fund, Oppenheimer Global Fund, Oppenheimer Fund, Oppenheimer Time Fund, Oppenheimer Target Fund, Oppenheimer Special Fund, Oppenheimer Equity Income Fund, Oppenheimer Main Street Income & Growth Fund, Oppenheimer Main Street California Tax-Exempt Fund, Oppenheimer Gold & Special Minerals Fund, Oppenheimer Value Stock Fund, Oppenheimer Investment Grade Bond, Oppenheimer Strategic Income Fund, Oppenheimer Strategic Income & Growth Fund, Oppenheimer Strategic Investment Grade Bond Fund and Oppenheimer Strategic Short-Term Income Fund and (ii) the following "Money Market Funds": Centennial Tax Exempt Trust, Centennial Government Trust, Centennial Money Market Trust, Centennial New York Tax Exempt Trust, Centennial California Tax Exempt Trust, Centennial America Fund, L.P., Oppenheimer Money Market Fund, Inc., Daily Cash Accumulation Fund, Inc., Oppenheimer Cash Reserves and Oppenheimer Tax-Exempt Cash Reserves. There is an initial sales charge on the purchase of shares of each Eligible Fund except the Money Market Funds (under certain circumstances described above, redemption proceeds of Money Market Fund shares may be subject to a CDSC). The reduced sales charge applies only to current purchases.

The term "single purchaser" refers to: (i) an individual, (ii) an individual and spouse purchasing shares of the Fund for their own account or for trust or custodial accounts for their minor children, or (iii) a trustee or other fiduciary purchasing for any one trust, estate or other fiduciary account, including employee benefit plans created under Sections 401 or 457 of the Internal Revenue Code, including related plans of the same employer. To be entitled to a reduced sales charge under the Right of Accumulation, at the time of purchase the purchaser must ask the Distributor for such entitlement and provide the account number(s) for shares of Eligible Funds owned by the "single purchaser," and the age of any minor children for whom shares are held.

- Letter of Intent. By initially investing at least \$1,000 and submitting a Letter of Intent to the Distributor, a "single purchaser" may purchase shares of the Fund and other Eligible Funds (other than Money Market Funds) during a 13-month period at the reduced sales charge rates or at net asset value but subject to the CDSC (described above), if applicable, applying to the aggregate amount of the intended purchases stated in the Letter. The Letter may apply to purchases made up to 90 days before the date of the Letter. The Fund and the Distributor reserve the right to amend or terminate such program at any time. For further details, including escrow provisions, see "Letters of Intent" in the Additional Statement.

- Other Circumstances. No sales charge is imposed on shares of the Fund: (i) sold to the Manager or its affiliates, or to present and former officers, trustees or directors and employees (and their "immediate families," as defined in "Reduced Sales Charges" in the Additional Statement) of the Fund, the Manager and its affiliates, and to retirement plans established by them for employees; (ii) issued in plans of

reorganization, such as mergers, asset acquisitions and exchange offers, to which the Fund is a party; (iii) sold to registered investment companies or to separate accounts of insurance companies having an agreement with the Manager or the Distributor; (iv) sold to dealers or brokers that have a sales agreement with the Distributor, for their own account or for retirement plans for their employees, or sold to employees (and their spouses) of such dealers or brokers or of banks, savings and loan associations or credit unions that have entered into a sales arrangement with such dealer or broker or the Distributor (and are identified to the Distributor by such dealer or broker); the purchaser must certify to the Distributor at the time of purchase that such purchase is for its own account (or for the benefit of such employees' spouses or minor children); (v) purchased by the reinvestment of (a) loan repayments by a participant in a retirement plan for which the Manager or an affiliate acts as sponsor, or (b) dividends or other distributions reinvested from the Fund or other "Eligible Funds" (other than the Cash Reserves Funds) or unit investment trusts for which reinvestment arrangements have been made with the Distributor; or (vi) sold to dealers, brokers or registered investment advisers that have entered into an agreement with the Distributor providing specifically for the use of Fund shares in particular investment products made available to clients of the dealer, broker or investment adviser. "Reduced Sales Charges" in the Additional Statement discusses this policy.

Asset Builder Plans

Investors may purchase shares of the Fund (and up to four other Eligible Funds) automatically under Asset Builder Plans. With AccountLink, Asset Builder Plans may be used to make regular monthly investments (\$25 minimum) from the investor's account at a bank or other financial institution. See "Account Link," above, for details. To establish an Asset Builder Plan from a bank account, a check (minimum \$25) for the initial purchase must accompany the application. Shares purchased under Asset Builder Plans are subject to the redemption restrictions for recent purchases described below in "How to Redeem Shares."

Asset Builder Plans also enable shareholders of Oppenheimer Tax-Exempt Cash Reserves or Oppenheimer Cash Reserves to use those accounts for monthly automatic purchases of shares of up to five other Eligible Funds. There is a sales charge on the purchase of shares of certain of the Eligible Funds, and an application should be obtained and completed and a prospectus of the selected fund(s) (available from the Distributor) should be obtained before initiating payments. The amount of the Asset Builder investment may be changed or the automatic investments terminated at any time by writing to the Transfer Agent. A reasonable period (approximately 15 days) is required after receipt of such instructions to implement them. The Fund reserves the right to amend, suspend or discontinue offering such plans at any time without prior notice.

Service Plan

The Fund has adopted a service plan (the "Plan") pursuant to Rule 12b-1 of the Investment Company Act under which the Fund will reimburse the Distributor for all or a portion of its costs incurred in connection with the personal service and maintenance of accounts that hold Fund shares. The Distributor will use the fees received from the Fund: (i) to compensate dealers, brokers, banks, or other institutions ("Recipients") each quarter for providing personal service and maintenance of accounts that hold Fund shares; and (ii) to reimburse itself (to the extent authorized by the Board of Trustees) for its other expenditures under the Plan and for its direct costs for personal service and maintenance of accounts. The services to be provided under the Plan include, but shall not be limited to, the following: answering routine inquiries from the Recipient's customers concerning the Fund, providing such customers with information on their investment in Fund shares, assisting in the establishment and maintenance of accounts or sub-accounts in the Fund, making the Fund's investment plans and dividend payment options available, and providing such other information and customer liaison services and the maintenance of accounts as the Distributor or the Fund may reasonably request. The Board has not authorized payments to the Distributor under (ii), above. The Distributor will pay each Recipient a quarterly fee for its services at a rate not to exceed .0625% (0.25% annually) of the average net asset value of Fund shares owned by the Recipient or its customers. Any unreimbursed expenses incurred during any quarter by the Distributor may not be recovered in later periods. The Fund will not be charged for any interest expense, carrying charges or other financial costs, or allocation of overhead by the Distributor.

The Plan has the effect of increasing annual Fund expenses by up to 0.25% of its average annual net assets. In addition, the Manager and the Distributor may, under the Plan, from time to time from their own

resources (which, as to the Manager, may include profits derived from the advisory fee it receives from the Fund) make payments to Recipients for distribution and administrative services they perform. For further details, see "Service Plan" in the Additional Statement.

How To Redeem Shares

Regular Redemption Procedures

To redeem some or all shares in an account (whether or not represented by certificates) under the Fund's regular redemption procedures, a shareholder must send the following to the Fund's Transfer Agent, Oppenheimer Shareholder Services, P.O. Box 5270, Denver, Colorado 80217 [send courier or Express Mail deliveries to 10200 E. Girard Avenue, Building D, Denver, Colorado 80231]: (1) a written request for redemption signed by all registered owners exactly as the shares are registered, including fiduciary titles, if any, and specifying the account number and the dollar amount or number of shares to be redeemed; (2) a guarantee of the signatures of all registered owners on the redemption request or on the endorsement on the share certificate or accompanying stock power, by a U.S. bank, credit union or savings association, or a foreign bank having a U.S. correspondent bank, or by a U.S.-registered dealer or broker in securities, municipal securities or government securities, or by a U.S. national securities exchange, registered securities association or clearing agency; (3) any share certificates issued for any of the shares to be redeemed; and (4) any additional documents which may be required by the Transfer Agent for redemption by corporations, partnerships or other organizations, executors, administrators, trustees, custodians, guardians or from an Oppenheimer Funds IRA or other retirement plan, or if the redemption is requested by anyone other than the shareholder(s) of record. Transfers of shares are subject to similar requirements.

A signature guarantee is not required for redemptions of \$50,000 or less, requested by and payable to all shareholders of record, to be sent to the address of record for that account. To avoid delay in redemptions or transfers, shareholders having any questions about these requirements should contact the Transfer Agent in writing or by calling 1-800-525-7048 before submitting a request. From time to time the Transfer Agent in its discretion may waive any or certain of the foregoing requirements in particular cases. Redemption or transfer requests will not be honored until the Transfer Agent receives all required documents in the proper form.

Telephone Redemptions

To redeem shares by telephone through a service representative, call the Transfer Agent at 1-800-852-8457. To use PhoneLink to redeem shares automatically, without a service representative, call 1-800-533-3310. Under either method, redemption proceeds may be paid by check or through AccountLink as described below. The Transfer Agent may record any calls. Telephone redemptions may not be available if all lines are busy, and shareholders would have to use the Fund's regular redemption procedures described above. Requests received by the Transfer Agent prior to 4:00 P.M. on a regular business day will be processed at the net asset value per share determined that day. Telephone redemption privileges are not available for newly-purchased (within the prior 15 days) shares, for Oppenheimer Funds-sponsored retirement plans, or for shares represented by certificates.

Telephone redemption privileges apply automatically to each shareholder and the dealer representative of record unless the Transfer Agent receives cancellation instructions from a shareholder of record. If an account has multiple owners, the Transfer Agent may rely on the instructions of any one owner. The Transfer Agent and the Fund will not be responsible for the authenticity of any telephone instructions or for any loss, damage, cost or expense arising out of any telephone instructions for an account that the Transfer Agent reasonably believes to be authentic. Telephone redemption privileges may be amended, suspended or discontinued by the Fund at any time without prior notice.

- Telephone Redemptions Paid by Check. If redemption proceeds are paid by check, up to \$50,000 may be redeemed by telephone, once in every seven-day period, and the check must be payable to the shareholder(s) of record and sent to the address of record for the account. Telephone redemptions paid by check are not available within 30 days of change of the address of record.

- Redemptions Paid through AccountLink. If AccountLink privileges have been established for an account, any amount may be redeemed by telephone, wire or written instructions to the Transfer Agent, and the ACH transfer of the redemption proceeds to the designated bank account normally will be initiated by the Transfer Agent on the next bank business day after the redemption. There are no dollar or frequency limitations on telephone

redemptions sent to a designated bank account through AccountLink. No dividends are paid on the proceeds of redeemed shares awaiting transmittal by ACH transfer. See "AccountLink" under "How To Buy Shares" for instructions on establishing this privilege.

Distributions from Retirement Plans

Requests for distributions from OppenheimerFunds-sponsored Retirement Plans, IRAs, 403(b)(7) custodial plans, or pension or profit-sharing plans for which the Manager or its affiliates act as sponsors should be addressed to "First Interstate Bank of Denver, N.A., c/o Oppenheimer Shareholder Services" at the above address, and must: (i) state the reason for the distribution, (ii) state the owner's awareness of tax penalties if the distribution is premature, and (iii) conform to the requirements of the plan and the Fund's redemption requirements, above. Participants (other than self-employed persons) in OppenheimerFunds-sponsored pension or profit-sharing plans may not directly request redemption of their accounts. The employer or plan administrator must sign the request. Distributions from such plans are subject to additional requirements under the Internal Revenue Code, and certain documents (available from the Transfer Agent) must be completed before the distribution may be made.

Distributions from retirement plans are subject to withholding requirements under the Internal Revenue Code, and IRS Form W-4P (available from the Transfer Agent) must be submitted to the Transfer Agent with the distribution request, or the distribution may be delayed. Unless the shareholder has provided the Transfer Agent with a certified tax identification number, the Internal Revenue Code requires that tax be withheld from any distribution even if the shareholder elects not to have tax withheld. The Fund, the Distributor, the Manager, the Trustee and the Transfer Agent assume no responsibility to determine whether a distribution satisfies the conditions of applicable tax laws and will not be responsible for any penalties assessed.

Automatic Withdrawal and Exchange Plans

Investors owning shares of the Fund valued at \$5,000 or more can authorize the Transfer Agent to redeem shares (minimum \$50) automatically on a monthly, quarterly, semi-annual or annual basis under an Automatic Withdrawal Plan. Shares will be redeemed three business days prior to the date requested by the shareholder for receipt of the payment. Automatic withdrawals of up to \$1,500 per month may be requested by telephone if payments are by check payable to all shareholders of record and sent to the address of record for the account (and if the address has not been changed within the prior 30 days). Required minimum distributions from OppenheimerFunds-sponsored retirement plans may not be arranged on this basis. Payments are normally made by check, but shareholders having AccountLink privileges (see "How To Buy Shares") may arrange to have Automatic Withdrawal Plan payments transferred to the bank account designated on the OppenheimerFunds New Account Application or signature-guaranteed instructions. The Fund cannot guarantee receipt of the payment on the date requested and reserves the right to amend, suspend or discontinue offering such plans at any time without prior notice. Because of the sales charge assessed on share purchases, shareholders should not make regular additional purchases while participating in an Automatic Withdrawal Plan. For further details, refer to "Automatic Withdrawal Plan Provisions" in the Additional Statement.

Shareholders can also authorize the Transfer Agent to exchange a pre-determined amount of shares of the Fund for shares of up to five other Eligible Funds (minimum purchase is \$25 per fund account) automatically on a monthly, quarterly, semi-annual or annual basis under an Automatic Exchange Plan. Exchanges made pursuant to such plans are otherwise subject to the conditions and terms applicable to Exchanges described in "Exchange Privilege," below.

Repurchase

The Distributor is the Fund's agent to repurchase its shares from authorized dealers and brokers. The repurchase price will be the net asset value next computed after the receipt of an order placed by such dealer or broker, except that an order received by the Distributor from dealers or brokers after 4:00 P.M. on a regular business day will be processed at that day's net asset value if such order was received by the dealer or broker from its customer prior to 4:00 P.M. and was transmitted to and received by the Distributor prior to its close of business that day (normally 5:00 P.M.). Payment ordinarily will be made within seven days after the Distributor's receipt of the required documents, with signature(s) guaranteed as described above.

Reinvestment Privilege

Within six months of a redemption, a shareholder may reinvest all or part of the redemption proceeds in shares of the Fund or any of the Eligible Funds into which shares of the Fund are exchangeable as described below, at the net asset value next computed after receipt by the Transfer Agent of the reinvestment order. The shareholder must ask the Distributor

for such entitlement at the time of reinvestment. A realized gain on the redemption is taxable, and reinvestment will not alter any capital gains tax payable on that gain. If there has been a loss on the redemption, some or all of the loss may not be tax deductible, depending on the timing and amount of the reinvestment in the Fund. Under the Internal Revenue Code, if the redemption proceeds of shares on which sales charge was paid are reinvested in shares of the Fund or another Eligible Fund within 90 days of the payment of the sales charge, the shareholder's basis in the shares redeemed may not include the amount of the sales charge paid, thereby reducing the loss or increasing the gain recognized from the redemption. The Fund may amend, suspend or cease offering this reinvestment privilege at any time as to shares redeemed after the date of such amendment, suspension or cessation.

General Information on Redemptions

The redemption price will be the Fund's net asset value per share next determined after the Transfer Agent receives all required documents in proper form. The market value of the securities in the Fund's portfolio is subject to daily fluctuations and the net asset value of the Fund's shares will fluctuate accordingly. Therefore, the redemption value may be more or less than the investor's cost. Under certain unusual circumstances, shares may be redeemed in kind (i.e., by payment in portfolio securities). The Fund may involuntarily redeem small accounts (if the account has fallen below \$500 in value for reasons other than market value fluctuations) and may redeem shares in amounts sufficient to compensate the Distributor for any loss due to cancellation of a share purchase order; for details, see "Purchase, Redemption and Pricing of Shares" in the Additional Statement. Under the Internal Revenue Code, the Fund may be required to impose "backup" withholding of Federal income tax at the rate of 31% from dividends, distributions and redemption proceeds (including exchanges), if the shareholder has not furnished the Fund a certified tax identification number or has not complied with provisions of the Code relating to reporting dividends.

Payment for redeemed shares is made ordinarily in cash and forwarded within seven days of the Transfer Agent's receipt of redemption instructions in proper form, except under unusual circumstances as determined by the SEC. The Transfer Agent may delay forwarding a redemption check for recently-purchased shares until the purchase payment has cleared, which may take up to 15 or more days from the purchase date. Such delay may be avoided if the shareholder arranges telephone or written assurance satisfactory to the Transfer Agent from the bank on which the purchase payment was drawn. The Fund makes no charge for redemption. Dealers or brokers may charge a fee for handling redemption transactions, but such charge can be avoided by requesting the redemption directly by the Fund through the Transfer Agent. Under certain circumstances, the CDSC described above under "Contingent Deferred Sales Charge" may apply to the proceeds of redemptions.

Exchanges Of Shares And Retirement Plans

Exchange Privilege

Shares of the Fund and of the other Eligible Funds listed under "Right of Accumulation" may be exchanged at net asset value per share at the time of exchange, without sales charge, if all of the following conditions are met: (1) shares of the fund selected for exchange are available for sale in the shareholder's state of residence; (2) the respective prospectuses of the funds whose shares are to be exchanged and acquired offer the Exchange Privilege to the shareholder; (3) newly-purchased (by initial or subsequent investment) shares are held in an account for at least seven days and all other shares at least one day prior to the exchange; and (4) the aggregate net asset value of shares surrendered for exchange is at least equal to the minimum investment requirement of the fund whose shares are to be acquired.

In addition to the conditions stated above, shares of Eligible Funds may be exchanged for shares of any Money Market Fund; shares of any Money Market Fund purchased without a sales charge may be exchanged for shares of Eligible Funds offered with a sales charge upon payment of the sales charge (or, if applicable, may be used to purchase shares of Eligible Funds subject to a CDSC); and shares of this Fund acquired by reinvestment of dividends or distributions from any other Eligible Fund or from any unit investment trust for which reinvestment arrangements have been made with the Distributor may be exchanged at net asset value for shares of any Eligible Fund. No CDSC is imposed on exchanges of shares subject to a CDSC, except that if the shares acquired by exchange are redeemed within 18 months of the end of the calendar month of the initial purchase of the exchanged shares, the CDSC will apply (see "Contingent Deferred Sales Charge," above).

- How to Exchange Shares. An exchange may be made by either: (1) submitting an OppenheimerFunds Exchange Authorization Form to the Transfer Agent, signed by all registered owners, or (2) telephone exchange

instructions to the Transfer Agent by a shareholder or the dealer representative of record for an account. The Fund may modify, suspend or discontinue either of these exchange privileges at any time, and will do so on 60 days' notice if such notice is required by regulations adopted under the Investment Company Act. The Fund reserves the right to reject telephone or written requests submitted in bulk on behalf of 10 or more accounts. Telephone and written exchange requests must be received by the Transfer Agent by 4:00 P.M. on a regular business day to be effected that day. The number of shares exchanged may be less than the number requested if the number requested would include shares subject to a restriction cited above or shares covered by a certificate that is not tendered with such request. Only the shares available for exchange without restriction will be exchanged.

- Telephone Exchanges. Telephone exchange requests may either be placed through a service representative by calling the Transfer Agent at 1-800-852-8457 or automatically by PhoneLink, by calling 1-800-533-3310. If all telephone exchange lines are busy (which might occur, for example, during periods of substantial market fluctuations), shareholders might not be able to request telephone exchanges and would have to submit written exchange requests. Telephone exchange calls may be recorded by the Transfer Agent. Telephone exchanges are subject to the rules described above. By exchanging shares by telephone, the shareholder is acknowledging receipt of a prospectus of the fund to which the exchange is made and that for full or partial exchanges, any special account features such as Asset Builder Plans, Automatic Withdrawal or Exchange Plans and retirement plan contributions will be switched to the new account unless the Transfer Agent is otherwise instructed. Telephone exchange privileges automatically apply to each shareholder of record and the dealer representative of record unless and until the Transfer Agent receives written instructions from a shareholder of record canceling such privileges. The Transfer Agent and the Fund will not be responsible for the authenticity of telephone instructions nor for any loss, damage, cost or expense arising out of any telephone instructions for an account that the Transfer Agent reasonably believes to be authentic. The Transfer Agent reserves the right to require shareholders to confirm in writing their election of telephone exchange privileges for an account. Shares acquired by telephone exchange must be registered exactly as the account from which the exchange was made. Certificated shares are not eligible for telephone exchange.

- General Information on Exchanges. Shares to be exchanged are redeemed on the regular business day the Transfer Agent receives an exchange request in proper form (the "Redemption Date"). Normally, shares of the fund to be acquired are purchased on the Redemption Date, but such purchases may be delayed by either fund up to five business days if it determines that it would be disadvantaged by an immediate transfer of the redemption proceeds. The Fund in its discretion reserves the right to refuse any exchange request that will disadvantage it (for example, if the receipt of multiple exchange requests from a dealer might require the disposition of securities at a time or at a price disadvantageous to the Fund). No sales commissions are paid by the Distributor on exchanges of shares unless a front-end sales charge is assessed on the exchange.

The Eligible Funds have different investment objectives and policies. For complete information, including charges and expenses, a prospectus of the fund into which the exchange is being made should be read prior to an exchange. A \$5 service charge will be deducted from the account to which the exchange is made to help defray administrative costs. That charge is waived for telephone exchanges made by PhoneLink. Dealers or brokers who process exchange orders on behalf of customers may charge for their services. Those charges may be avoided by requesting the Fund directly to exchange shares. For Federal tax purposes, an exchange is treated as a redemption and purchase of shares. (See "How to Redeem Shares - Reinvestment Privilege" above, for a discussion of certain tax effects of exchanges.)

Retirement Plans

The Distributor has available: (i) forms of pension and profit-sharing plans for corporations and self-employed individuals; (ii) Individual Retirement Accounts (IRAs) for salaried and self-employed individuals, including Simplified Employee Pension Plans (SEP-IRAs); and (iii) 403(b)(7) custodial plans for employees of qualified employers. The minimum initial investment for pension and profit-sharing plans is \$250, and for IRAs also unless made under an Asset Builder Plan. For further details, including the administrative fees, the appropriate retirement plan should be requested from the Distributor. The Fund reserves the right to discontinue offering its shares to such plans at any time without prior notice.

Dividends, Distributions And Taxes

This discussion relates solely to Federal tax laws and is not

exhaustive; a qualified tax adviser should be consulted. The Fund's dividends and distributions may also be subject to state and local taxation. See "Tax Aspects of Covered Calls and Hedging Instruments" and "Performance, Dividend and Tax Information" in the Additional Statement for information on tax aspects of the Fund's investments in Hedging Instruments and other tax matters.

Dividends and Distributions

The Fund intends to declare dividends on an annual basis in December each year, on a date set by the Board of Trustees. As current income is not an objective of the Fund, the amount of dividends, if any, will likely be small. In addition, distributions may be made annually in December out of any net short-term or long-term capital gains realized from the sale of securities, premiums from expired calls written by the Fund, and net profits from hedging transactions, realized in the twelve months ending on October 31st of that year. The Fund may make a supplemental distribution of capital gains and ordinary income following the end of its fiscal year. Any long-term capital gains distributions and any non-taxable return of capital will be separately identified when tax information is distributed by the Fund. There is no fixed dividend rate and there can be no assurance as to the payment of any dividends or the realization of any capital gains.

All dividends and capital gains distributions are automatically reinvested in Fund shares at net asset value, as of a date selected by the Board of Trustees, unless the shareholder asks the Transfer Agent in writing to pay dividends or capital gains distributions in cash, or to reinvest them in another Eligible Fund, as described in "Performance, Dividend and Tax Information" in the Additional Statement. That request must be received prior to the record date for a dividend to be effective as to that dividend. Under AccountLink, dividends and distributions may be automatically transferred to a designated account at a financial institution. See "AccountLink" in "How to Buy Shares" for more details. Dividends, distributions and the proceeds of the redemption of Fund shares represented by checks returned to the Transfer Agent by the Postal Service as undeliverable are invested in shares of Oppenheimer Money Market Fund, Inc., as promptly as possible after the return of such checks to the Transfer Agent, to enable the investor to earn a return on otherwise idle funds.

Tax Status of the Fund's Dividends and Distributions

Dividends paid by the Fund derived from net investment income or net short-term capital gains are taxable to shareholders as ordinary income, whether received in cash or reinvested. Long-term capital gains distributions, if any, are taxable as long-term capital gains whether received in cash or reinvested and regardless of how long Fund shares have been held. A shareholder purchasing Fund shares immediately prior to the declaration of a dividend or capital gain distribution will receive a distribution subject to income tax, and the distribution will have the effect of reducing the Fund's net asset value per share by the amount of the distribution. For information as to "backup" withholding on dividends, see "How to Redeem Shares."

Tax Status of the Fund

If the Fund qualifies as a "regulated investment company" under the Internal Revenue Code, it will not be liable for Federal income taxes on amounts paid by it as dividends and distributions. The Fund qualified during its last fiscal year, and intends to so qualify in the current and future years, but reserves the right not to do so. However, the Code contains a number of complex tests relating to qualification which the Fund might not meet in any particular year. For example, if the Fund derives 30% or more of its gross income from the sale of securities held less than three months, it may fail to qualify (see "Investment Objective and Policies - Tax Aspects of Covered Calls and Hedging Instruments" in the Additional Statement for more information). If it did not qualify, the Fund would be treated for tax purposes as an ordinary corporation and receive no tax deduction for dividends and distributions made to shareholders.

Fund Performance Information

Total Return Information

From time to time the "average annual total return," "total return" and "total return at net asset value" of the Fund may be advertised. The Fund's "average annual total return" for a particular period is computed by determining the average annual compounded rate of return over the period, using the initial amount invested at the beginning of the period and the redeemable value of the investment at the end of the period. The Fund's "total return" for a period is a cumulative rate of return over the entire period, also using the initial amount invested and redeemable value

at the end of the period. In both cases, the initial amount invested assumes the payment of the Fund's current maximum sales charge. The Fund may also quote a "total return at net asset value," which is total return calculated without considering sales charges. The redeemable value of the investment assumes that all dividends and capital gains distributions have been reinvested at net asset value without sales charge. The Fund's "average annual total return," "total return" and "total return at net asset value" indicate the investment results that an investor would have experienced over the stated period from changes in share price and reinvestment of dividends and distributions. All such performance information is based on historical earnings and is not intended to indicate future performance. "Performance, Dividend and Tax Information" in the Additional Statement contains more detailed information about calculating the Fund's returns and other performance information.

Management's Discussion of Performance

During the Fund's fiscal year ended September 30, 1993, the Manager emphasized investment in well-managed companies offering innovative products and services. Major areas of investment for the Fund included health care, specialty retailing and telecommunications. A number of economic factors influenced the performance of the equity securities markets during the Fund's fiscal year, including a low interest rate environment, which the Manager believes makes smaller companies more attractive because of the low cost of capital needed for expansion.

Oppenheimer Discovery Fund, S&P 500 Index and Russell 2000 Index
Comparison of Change in Value of \$10,000 Hypothetical Investment

Average Annual Total Return at 9/30/93

1 Year	5 Year	Life of Fund*
36.15%	20.78%	19.89%

*Since September 11, 1986

[Chart comparing average annual total return of Oppenheimer Discovery Fund to performance of the S&P 500 Index and to the Russell 2000 Index since 9/30/86 (by fiscal years ending 9/30)]

Past performance is not predictive of future performance.

The S&P 500 index is an unmanaged index of common stocks widely used as a measure of general stock market performance, and includes reinvestment of dividends but does not reflect initial or ongoing expenses of such stocks. The Russell 2000 Index is an unmanaged, capitalization-weighted index of 2000 U.S. issuers whose common stocks are traded on the New York and American Stock Exchanges and NASDAQ, and is widely recognized as a measure of the performance of "mid-capitalization" stocks. It includes a factor for the reinvestment of dividends but does not reflect expenses or taxes. The Fund's return reflects deduction of the current maximum sales charge of 5.75% and includes reinvestment of all dividends and capital gains distributions, but does not consider taxes.

Additional Information

Description of the Fund and Its Shares

Shares of the Fund are currently of one class, are transferable without restriction and have equal rights and privileges. Each shareholder of the Fund is entitled to one vote per share held (and a fractional vote for each fractional share), and to participate pro rata in dividends and distributions and in the net distributable assets of the Fund on liquidation. When issued, such shares are fully-paid and (except as described in "Additional Information" in the Additional Statement) nonassessable, and have no preemptive, subscription or cumulative voting rights. The Fund's Board of Trustees is empowered to issue additional "series" of shares of the Fund, which may have separate assets and liabilities, and additional "classes" of shares, which would represent interests in the same portfolio of investments. The Fund has been granted exemptive relief to permit it to offer two classes of shares, and on or about April 1, 1994, it intends to offer a second class of shares, to be denominated "Class B shares." At that time, the existing class of shares shall be denominated "Class A shares." The Fund does not anticipate holding annual meetings. Under certain circumstances, shareholders of the Fund have the right to remove a Trustee and may be held personally liable as "partners" for the Fund's obligations; however, the risk of a

shareholder incurring any financial loss is limited to the relatively remote circumstances in which the Fund is unable to meet its obligations. See "Additional Information" in the Additional Statement for more details.

The Custodian and the Transfer Agent

The Custodian of the assets of the Fund is The Bank of New York. The Fund's cash balances in excess of \$100,000 held by the Custodian are not protected by Federal deposit insurance. Such uninsured balances at times may be substantial. The Manager and its affiliates presently have banking relationships with the Custodian. See "Additional Information" in the Additional Statement for further details.

Oppenheimer Shareholder Services, a division of the Manager, acts as transfer agent and shareholder servicing agent on an at-cost basis for the Fund and certain other open-end funds advised by the Manager, and acts as transfer agent for unit investment trusts for the accumulation of shares of one of such funds. Shareholders should direct any inquiries to the Transfer Agent at the address or toll-free phone number shown on the back cover.

APPENDIX TO PROSPECTUS OF
OPPENHEIMER DISCOVERY FUND

Graphic material included in Prospectus of Oppenheimer Discovery Fund: "Comparison of Total Return of Oppenheimer Discovery Fund, the S&P 500 Index, and the Russell 2000 Index - Change in Value of a \$10,000 Hypothetical Investment"

A linear graph will be included in the Prospectus of Oppenheimer Discovery Fund (the "Fund") depicting the initial account value and subsequent account value of a hypothetical \$10,000 investment in the Fund since September 30, 1986 to the end of each of the Fund's most recently completed seven fiscal years and comparing such values with the same investments over the same time periods in the S&P 500 Index and the Russell 2000 Index. Set forth below are the relevant data points that will appear on the linear graph. Additional information with respect to the foregoing, including descriptions of the S&P 500 Index and the Russell 2000 Index, is set forth in the Prospectus under "Fund Performance Information - Management's Discussion of Performance."

Fiscal Year (Period) Ended	Oppenheimer Discovery Fund	S&P 500 Index	Russell 2000 Index
09/30/86*	\$ 9,944	\$10,000	\$10,000
09/30/87	14,868	14,342	12,940
09/30/88	13,987	12,565	11,541
09/30/89	19,614	16,705	14,021
09/30/90	15,625	15,162	10,215
09/30/91	23,731	19,875	14,819
09/30/92	26,407	22,070	16,144
09/30/93	38,148	24,932	21,498

*For the period from September 11, 1986 (commencement of operations) to September 30, 1986.

Investment Adviser
Oppenheimer Management Corporation
Two World Trade Center
New York, New York 10048-0203

Prospectus

Distributor
Oppenheimer Funds Distributor, Inc.
Two World Trade Center
New York, New York 10048-0203

Transfer and Shareholder Servicing Agent
Oppenheimer Shareholder Services
P.O. Box 5270
Denver, Colorado 80217
1-800-525-7048

OPPENHEIMER
Discovery Fund

Custodian of Portfolio Securities
The Bank of New York
One Wall Street
New York, New York 10015

Independent Auditors

Legal Counsel
Gordon Altman Butowsky
Weitzen Shalov & Wein
114 W. 47th Street
New York, NY 10036

No dealer, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this Prospectus or the Additional Statement, and if given or made, such information and representation must not be relied upon as having been authorized by the Fund, Oppenheimer Management Corporation, Oppenheimer Funds Distributor, Inc., or any affiliate thereof. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any state to any person to whom it is unlawful to make such offer in such state.

OPPENHEIMERFUNDS

PR500 (2/93) Printed on recycled paper

STATEMENT OF ADDITIONAL INFORMATION

OPPENHEIMER DISCOVERY FUND

Two World Trade Center, New York, New York 10048-0203
1-800-525-7048

This Statement of Additional Information (the "Additional Statement") is not a Prospectus. This Additional Statement should be read together with the Prospectus (the "Prospectus") dated January 20, 1994, of Oppenheimer Discovery Fund (the "Fund"), which may be obtained by written request to Oppenheimer Shareholder Services (the "Transfer Agent"), P.O. Box 5270, Denver, Colorado 80217 or by calling the toll-free number above.

TABLE OF CONTENTS

	Page
Investment Objective and Policies	
Investment Restrictions	
Trustees and Officers	
Investment Management Services	
Brokerage	
Purchase, Redemption and Pricing of Shares	
Service Plan	
Performance, Dividend and Tax Information	
Additional Information	
Automatic Withdrawal Plan Provisions	
Letters of Intent	
Independent Auditors' Report	
Financial Statements	

This Additional Statement is effective January 20, 1994.

INVESTMENT OBJECTIVE AND POLICIES

The investment objective and policies of the Fund are described in the Prospectus. Set forth below is supplemental information about those policies. Certain capitalized terms used in this Additional Statement are defined in the Prospectus. Investment policies that the Fund may use to seek the Fund's objective encompass the selection of common stocks, preferred stocks, convertible securities, rights, warrants, and puts and calls in proportions which may vary from time to time. That framework of security selection is enhanced by the methods described in the Prospectus under "Special Investment Methods," and in this and the following sections of this Additional Statement.

Securities of "Growth-Type" Issuers and Emerging Growth Companies. Many "growth-type" issuers, including emerging growth companies, may be small

and unseasoned. Their securities, which the Fund may purchase when they are offered to the public for the first time, may have a limited trading market, which may adversely affect the Fund's ability to sell them when it wants to do so and can result in their shares being priced lower than otherwise might be the case. While the Manager will undertake to select promising emerging companies carefully for the Fund's investments, there is no guarantee that such investments will achieve their potential.

"Over-the-Counter" Securities. The "over-the-counter" market is generally defined as the market for securities that are not listed for trading on a securities exchange. An exchange represents an auction market consisting of competing buyers and competing sellers. There are over-the-counter markets in the U.S. and in foreign countries. In contrast to exchanges, the over-the-counter market is not a centralized facility but is a negotiated market in which transactions are done by telephone or computer link-ups among dealers and brokers. In the U.S., the over-the-counter market is regulated by the National Association of Securities Dealers, Inc. ("NASD"). The NASD has created an Automated Quotation System ("NASDAQ"), an electronic quotation system for certain over-the-counter securities, allowing subscribers to obtain data as to current bids and offers for over-the-counter securities. A security must have at least two market makers for initial listing on NASDAQ. Over-the-counter markets exist apart from NASDAQ, as long as a dealer or broker is willing to make a market in a particular security. The number of shares traded each day may be smaller for over-the-counter securities than for securities listed on the New York or American Stock Exchanges. As a result, the liquidity of, or ability to sell, the over-the-counter securities which the Fund owns may be relatively limited as compared to listed securities which it owns. This may affect the price the Fund receives when it sells its over-the-counter securities. Over-the-counter securities may also be subject to greater price volatility than listed securities due to factors which would not ordinarily affect large, well-established companies (such as changes in key personnel, financing difficulties or problems with products). On January 18, 1990, the Fund's shareholders approved the change of the Fund's name from "Oppenheimer OTC Fund" to its current name, and at the same time approved a proposal to change the Fund's fundamental investment policies so that the Fund was no longer required to invest at least 65% of its total assets in over-the-counter securities.

Borrowing. From time to time the Fund may increase its ownership of securities by borrowing from banks on an unsecured basis and investing the borrowed funds (on which the Fund will pay interest), subject to the restrictions in the Prospectus. Any such borrowing will be made only from banks and, pursuant to the requirements of the Investment Company Act, will be made only to the extent that the value of the Fund's assets, less its liabilities other than borrowings, is equal to at least 300% of all borrowings including the proposed borrowing. If the value of the Fund's assets so computed should fail to meet the 300% asset coverage requirement, the Fund is required within three days to reduce its bank debt to the extent necessary to meet that requirement and may have to sell a portion of its investments at a time when independent investment judgment would not dictate such sale. Borrowing for investment increases both investment opportunity and risk. Since substantially all of the Fund's assets fluctuate in value, but borrowing obligations are fixed, when the Fund has outstanding borrowings, the net asset value per share of the Fund correspondingly will tend to increase and decrease more when portfolio assets fluctuate in value than would otherwise be the case. This speculative factor is known as "leverage."

Foreign Securities. Investments in foreign securities offer potential benefits not available from investments solely in securities of domestic issuers, such as the opportunity to invest in the securities of foreign issuers that appear to offer growth potential, or to invest in foreign countries with economic policies or business cycles different from those of the U.S., or to seek to reduce fluctuations in portfolio value by investing in foreign stock markets that do not move in a manner parallel to U.S. markets. Investments in foreign securities present special additional risks and considerations not typically associated with investments in securities of issuers traded in the U.S. These include: reduction of income by foreign taxes; fluctuation in value of foreign portfolio investments due to changes in currency rates and control regulations (e.g., currency blockage); transaction charges for currency exchange; lack of public information about foreign issuers; lack of uniform accounting, auditing and financial reporting standards comparable to those applicable to domestic issuers; less volume on foreign exchanges than on U.S. exchanges; greater volatility and less liquidity on foreign markets than in the U.S.; less regulation of foreign issuers, stock exchanges and brokers than in the U.S.; greater difficulties in commencing lawsuits against foreign issuers; higher brokerage commission rates than in the U.S.; increased risks of delays in settlement of portfolio transactions; possibilities in some countries of expropriation or

nationalization of assets, confiscatory taxation, political, financial or social instability or adverse diplomatic developments; and differences (which may be favorable or unfavorable) between the U.S. economy and foreign economies. In the past, U.S. Government policies have discouraged certain investments abroad by U.S. investors, through taxation or other restrictions, and it is possible that such restrictions could be re-imposed. Additional costs may be incurred in connection with investments in foreign securities because of generally higher foreign commissions and the additional custodial costs associated with monitoring foreign securities.

Illiquid and Restricted Securities. The expenses of registration of restricted securities that are illiquid (excluding securities that may be resold by the Fund pursuant to Rule 144A, as explained in the Prospectus) may be negotiated by the Fund with the issuer at the time such securities are purchased by the Fund. When registration is required before such securities may be sold, a considerable period may elapse between a decision to sell the securities and the time the Fund would be permitted to sell them. Thus, the Fund may not be able to obtain as favorable a price as that prevailing at the time of the decision to sell. The Fund may also acquire securities through private placements. Such securities may have contractual resale restrictions, which might prevent their resale by the Fund at a time when such resale would be desirable.

Repurchase Agreements. In a repurchase transaction, the Fund acquires a security from, and simultaneously resells it to, an approved vendor (a U.S. commercial bank, or the U.S. branch of a foreign bank, or a broker-dealer which has been designated a primary dealer in government securities and which must meet the credit requirements set by the Fund's Board of Trustees from time to time) for delivery on an agreed-upon future date. The repurchase price exceeds the purchase price by an amount that reflects an agreed-upon interest rate effective for the period during which the repurchase agreement is in effect. The majority of these transactions run from day to day, and delivery pursuant to resale typically will occur within one to five days of the purchase. Repurchase agreements are considered "loans" under the Investment Company Act, collateralized by the underlying security. The Fund's repurchase agreements require that at all times while the repurchase agreement is in effect, the collateral's value must equal or exceed the repurchase price to fully collateralize the repayment obligation. Additionally, the Manager will continuously monitor the collateral's value and will impose creditworthiness requirements to confirm that the vendor is financially sound.

Loans of Portfolio Securities. The Fund may lend its portfolio securities subject to the restrictions stated in the Prospectus, if the loan is collateralized under applicable regulatory guidelines. Under the present guidelines (which are subject to change), the loan collateral must, on each business day, at least equal the market value of the loaned securities and must consist of cash, bank letters of credit, U.S. Government securities, or other cash equivalents in which the Fund is permitted to invest. To be acceptable as collateral, letters of credit must obligate a bank to pay amounts demanded by the Fund if the demand meets the terms of the letter. Such terms and the issuing bank must be satisfactory to the Fund. In a portfolio securities lending transaction, the Fund receives from the borrower an amount equal to the interest paid or the dividends declared on the loaned securities during the term of the loan as well as the interest on the collateral securities, less any finders' or administrative fees the Fund pays in arranging the loan. The Fund may share the interest it receives on the collateral securities with the borrower as long as it realizes at least the minimum amount of interest required by the lending guidelines established by its Board of Trustees. The Fund will not lend its portfolio securities to any officer, trustee, employee or affiliate of the Fund or its Manager. The terms of the Fund's loans must meet certain tests under the Internal Revenue Code and must permit the Fund to reacquire loaned securities on five business days' notice or in time to vote on any important matter.

Covered Calls and Hedging. As described in the Prospectus, the Fund may write covered calls or employ one or more types of Hedging Instruments. When hedging to attempt to protect against declines in the market value of the Fund's portfolio, to permit the Fund to retain unrealized gains in the value of portfolio securities which have appreciated, or to facilitate selling securities for investment reasons, the Fund may: (i) sell Stock Index Futures; (ii) purchase puts on such Futures or securities; or (iii) write covered calls on securities or on Stock Index Futures. When hedging to permit the Fund to establish a position in the equities markets as a temporary substitute for purchasing particular equity securities (which the Fund will normally purchase and then terminate the hedging position), the Fund may: (i) purchase Stock Index Futures, or (ii) purchase calls on such Futures or on securities. The Fund's strategy of hedging with Futures and options on Futures will be incidental to the Fund's activities in the underlying cash market. In the future, the Fund may employ hedging instruments and strategies that are not presently contemplated but which

may be developed, to the extent such investment methods are consistent with the Fund's investment objective, are legally permissible and are adequately disclosed. Additional information about the Hedging Instruments the Fund may use is provided below.

Writing Covered Call Options. When the Fund writes a call on an investment, it receives a premium and agrees to sell the callable investment to a purchaser of a corresponding call during the call period (usually not more than 9 months) at a fixed exercise price (which may differ from the market price of the underlying investment), regardless of market price changes during the call period. To terminate its obligation on a call it has written, the Fund may purchase a corresponding call in a "closing purchase transaction." A profit or loss will be realized, depending upon whether the net of the amount of option transaction costs and the premium received on the call written is more or less than the price of the call subsequently purchased. A profit may also be realized if the call lapses unexercised, because the Fund retains the underlying investment and the premium received. Any such profits are considered short-term capital gains for Federal income tax purposes, and when distributed by the Fund are taxable as ordinary income. If the Fund could not effect a closing purchase transaction due to the lack of a market, it would have to hold the callable investment until the call lapsed or was exercised.

Purchasing Calls and Puts. When the Fund purchases a call (other than in a closing purchase transaction), it pays a premium and, except as to calls on stock indices and Stock Index Futures, has the right to buy the underlying investment from a seller of a corresponding call on the same investment during the call period at a fixed exercise price. The Fund benefits only if the call is sold at a profit or if, during the call period, the market price of the underlying investment is above the sum of the call price plus the transaction costs and the premium paid for the call, and the call is exercised. If the call is not exercised or sold (whether or not at a profit), it will become worthless at its expiration date and the Fund will lose its premium payment and the right to purchase the underlying investment. When the Fund purchases a call on a stock index, it pays a premium, but settlement is in cash rather than by delivery of an underlying investment to the Fund.

When the Fund purchases a put, it pays a premium and, except as to puts on stock indices, has the right to sell the underlying investment to a seller of a corresponding put on the same investment during the put period at a fixed exercise price. Buying a put on securities or Futures the Fund owns enables the Fund to attempt to protect itself during the put period against a decline in the value of the underlying investment below the exercise price by selling the underlying investment at the exercise price to a seller of a corresponding put. If the market price of the underlying investment is equal to or above the exercise price and, as a result, the put is not exercised or resold, the put will become worthless at its expiration date and the Fund will lose its premium payment and the right to sell the underlying investment. The put may, however, be sold prior to expiration (whether or not at a profit).

Calls and Puts on Stock Index Futures and Stock Indices.

Purchasing a put on either a stock index or on a Stock Index Future not held by the Fund permits the Fund either to resell the put or to buy the underlying investment and sell it at the exercise price. The resale price of the put will vary inversely with the price of the underlying investment. If the market price of the underlying investment is above the exercise price and, as a result, the put is not exercised, the put will become worthless on its expiration date. In the event of a decline in price of the underlying investment, the Fund could exercise or sell the put at a profit to attempt to offset some or all of its loss on its portfolio securities. When the Fund purchases a put on a stock index, or on a Stock Index Future not held by it, the put protects the Fund to the extent that the index moves in a similar pattern to the securities held by the Fund. In the case of a put on a stock index or Stock Index Future, settlement is in cash rather than by the Fund's delivery of the underlying investment.

The Fund may also write calls on futures without owning a futures contract or a deliverable bond, provided that at the time the call is written, the Fund covers the call by segregating in escrow with its Custodian an equivalent dollar amount of liquid assets. The Fund will segregate additional liquid assets if the value of the escrowed assets drops below 100% of the current value of the Future. In no circumstances would an exercise notice on a call the Fund wrote on Futures require the Fund to deliver a Futures contract; it would simply put the Fund in a short futures position, which is permitted by the Fund's hedging policies.

Puts and calls on broadly-based stock indices or Stock Index Futures are similar to puts and calls on securities or futures contracts except that all settlements are in cash, and gain or loss depends on changes in

the index in question (and thus on price movements in the stock market generally) rather than on price movements in individual securities or futures contracts. When the Fund buys a call on a stock index or Stock Index Future, it pays a premium. During the call period, upon exercise of a call by the Fund, a seller of a corresponding call on the same index will pay the Fund an amount of cash to settle the call if the closing level of the stock index or Stock Index Future upon which the call is based is greater than the exercise price of the call; that cash payment is equal to the difference between the closing price of the index and the exercise price of the call times a specified multiple (the "multiplier") which determines the total dollar value for each point of difference. When the Fund buys a put on a stock index or Stock Index Future, it pays a premium and has the right during the put period to require a seller of a corresponding put, upon the Fund's exercise of its put, to deliver to the Fund an amount of cash to settle the put if the closing level of the stock index or Stock Index Future upon which the put is based is less than the exercise price of the put; that cash payment is determined by the multiplier, in the same manner as described above as to calls.

Stock Index Futures. A stock index, which cannot be purchased or sold directly, assigns relative values to the common stocks included in the index and fluctuates with the changes in the market value of those stocks. No payment is made or received by the Fund upon the purchase or sale of a Stock Index Future. Stock Index Futures obligate the seller to deliver (and the purchaser to take) cash to settle the futures transaction, or to enter into an offsetting contract. No physical delivery of the underlying stocks in the index is made. Generally, contracts are closed out with offsetting transactions prior to the expiration date of the contract. Upon entering into a Futures transaction, the Fund will be required to deposit an initial margin payment in cash or U.S. Treasury bills with the futures commission merchant (the "futures broker"). The initial margin will be deposited with the Fund's Custodian in an account registered in the futures broker's name; however, the futures broker can gain access to that account only under specified conditions. As the Future is "marked-to-market" to reflect changes in its market value, subsequent margin payments, called variation margin, will be paid to or by the futures broker on a daily basis.

At any time prior to expiration of the Future, the Fund may elect to close out its position by taking an opposite position, at which time a final determination of variation margin is made, and additional cash is required to be paid by or released to the Fund. Any loss or gain is then realized for tax purposes. Although Stock Index Futures by their terms call for settlement by the delivery of cash, in most cases the obligation is fulfilled without such delivery, by entering into an offsetting transaction. All Futures transactions are effected through a clearinghouse associated with the exchange on which the contracts are traded.

Interest Rate Swap Transactions. Swap agreements entail both interest rate risk and credit risk. There is a risk that, based on movements of interest rates in the future, the payments made by the Fund under a swap agreement will have been greater than those received by it. Credit risk arises from the possibility that the counterparty will default. If the counterparty to an interest rate swap defaults, the Fund's loss will consist of the net amount of contractual interest payments that the Fund has not yet received. The Manager will monitor the creditworthiness of counterparties to the Fund's interest rate swap transactions on an ongoing basis. The Fund will enter into swap transactions with appropriate counterparties pursuant to master netting agreements. A master netting agreement provides that all swaps done between the Fund and that counterparty under the master agreement shall be regarded as parts of an integral agreement. If on any date amounts are payable in the same currency in respect of one or more swap transactions, the net amount payable on that date in that currency shall be paid. In addition, the master netting agreement may provide that if one party defaults generally or on one swap, the counterparty may terminate the swaps with that party. Under such agreements, if there is a default resulting in a loss to one party, the measure of that party's damages is calculated by reference to the average cost of a replacement swap with respect to each swap (i.e., the mark-to-market value at the time of the termination of each swap). The gains and losses on all swaps are then netted, and the result is the counterparty's gain or loss on termination. The termination of all swaps and the netting of gains and losses on termination is generally referred to as "aggregation."

Additional Information About Hedging Instruments and their Use. The Fund's Custodian, or a securities depository acting for the Custodian, will act as the Fund's escrow agent, through the facilities of the Options Clearing Corporation ("OCC"), as to investments on which the Fund has

written options traded on exchanges, or as to other acceptable escrow securities, so that no margin will be required for such transactions. OCC will release the securities on the expiration of the option or upon the Fund's entering into a closing transaction. An option position may be closed out only on a market which provides secondary trading for options of the same series, and there is no assurance that a liquid secondary market will exist for any particular option.

When the Fund writes an over-the-counter ("OTC") option, it will enter into an arrangement with a primary U.S. Government securities dealer, which would establish a formula price at which the Fund would have the absolute right to repurchase that OTC option. That formula price would generally be based on a multiple of the premium received for the option, plus the amount by which the option is exercisable below the market price of the underlying security (that is, the extent to which the option is "in-the-money"). When the Fund writes an OTC option, it will treat as illiquid (for purposes of the limit on its assets that may be invested in illiquid securities, stated in the Prospectus) an amount of assets used to cover written OTC options, equal to the formula price for the repurchase of the OTC option less the amount by which the OTC option is "in-the-money." The Fund will also treat as illiquid any OTC option held by it. The SEC is evaluating whether OTC options should be considered liquid securities, and the procedure described above could be affected by the outcome of that evaluation.

The Fund's option activities may affect its turnover rate and brokerage commissions. The exercise of calls written by the Fund may cause the Fund to sell related portfolio securities, thus increasing its turnover rate. The exercise by the Fund of puts on securities or Futures may cause the sale of related investments, also increasing portfolio turnover. Although such exercise is within the Fund's control, holding a put might cause the Fund to sell the underlying investment for reasons that would not exist in the absence of the put. The Fund will pay a brokerage commission each time it buys or sells a call, buys a put or buys or sells an underlying investment in connection with the exercise of a put or call. Such commissions are normally higher than those which would apply to direct purchases or sales of the underlying investments on a relative basis. Premiums paid for options are small in relation to the market value of such investments and consequently, put and call options offer large amounts of leverage. The leverage offered by trading in options could result in the Fund's net asset value being more sensitive to changes in the value of the underlying investment.

Regulatory Aspects of Hedging Instruments and Covered Calls. The Fund must operate within certain restrictions as to its long and short positions in Futures and options thereon under a rule (the "CFTC Rule") adopted by the Commodity Futures Trading Commission (the "CFTC") under the Commodity Exchange Act (the "CEA"), which excludes the Fund from registration with the CFTC as a "commodity pool operator" (as defined in the CEA) if it complies with the CFTC Rule. Under these restrictions the Fund will not, as to any positions, whether short, long or a combination thereof, enter into Futures and options thereon for which the aggregate initial margins and premiums exceed 5% of the fair market value of its total assets, with certain exclusions as described in the CFTC Rule. Under the restrictions, the Fund also must, as to its short positions, use Futures and options thereon solely for bona-fide hedging purposes within the meaning and intent of the applicable provisions of the CEA.

Transactions in options by the Fund are subject to limitations established by each of the exchanges governing the maximum number of options which may be written or held by a single investor or group of investors acting in concert, regardless of whether the options were written or purchased on the same or different exchanges or are held in one or more accounts or through one or more exchanges or brokers. Thus, the number of options which the Fund may write or hold may be affected by options written or held by other entities, including other investment companies having the same adviser as the Fund or having an affiliated investment adviser. Position limits also apply to Futures. An exchange may order the liquidation of positions found to be in violation of those limits and may impose certain other sanctions. Due to requirements of the Investment Company Act, when the Fund purchases a Stock Index Future, the Fund will maintain, in a segregated account or accounts with its Custodian, cash or readily-marketable, short-term (maturing in one year or less) debt instruments in an amount equal to the market value of the securities underlying such Future, less the margin deposit applicable to it.

Tax Aspects of Covered Calls and Hedging Instruments. The Fund intends to qualify as a "regulated investment company" under the Internal Revenue Code. One of the tests for such qualification is that less than 30% of its gross income (irrespective of losses) must be derived from gains realized on the sale of securities held for less than three months.

Due to this limitation, the Fund will limit the extent to which it engages in, but will not be precluded from, the following activities: (i) selling investments, including Stock Index Futures, held for less than three months, whether or not they were purchased on the exercise of a call held by the Fund; (ii) purchasing calls or puts that expire in less than three months; (iii) effecting closing transactions with respect to calls or puts purchased less than three months previously; (iv) exercising puts or calls held by the Fund for less than three months; and (v) writing calls on investments held for less than three months.

Certain foreign currency exchange contracts ("Forward Contracts") in which the Fund may invest are treated as "section 1256 contracts." Gains or losses relating to section 1256 contracts generally are characterized under the Internal Revenue Code as 60% long-term and 40% short-term capital gains or losses. However, foreign currency gains or losses arising from certain section 1256 contracts (including Forward Contracts) generally are treated as ordinary income or loss. In addition, section 1256 contracts held by the Fund at the end of each taxable year are "marked-to-market" with the result that unrealized gains or losses are treated as through they were realized. These contracts also may be marked-to-market for purposes of the excise tax applicable to investment company distributions and for other purposes under rules prescribed pursuant to the Internal Revenue Code. An election can be made by the Fund to exempt these transactions from this mark-to-market treatment.

Certain Forward Contracts entered into by the Fund may result in "straddles" for Federal income tax purposes. The straddle rules may affect the character of gains (losses) realized by the Fund on straddle positions. Generally, a loss sustained on the disposition of a position making up a straddle is allowed only to the extent such loss exceeds any unrecognized gain in the offsetting positions making up the straddle. Disallowed loss is generally allowed at the point where there is no unrecognized gain in the offsetting positions making up the straddle, or the offsetting position is disposed of.

Under the Internal Revenue Code, gains or losses attributable to fluctuations in exchange rates that occur between the time the Fund accrues interest or other receivables or accrues expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such receivables or pays such liabilities are generally treated as ordinary income or ordinary loss. Similarly, on disposition of debt securities denominated in a foreign currency and on disposition of foreign currency forward contracts, gains or losses attributable to fluctuations in the value of a foreign currency between the date of acquisition of the security or contract and the date of disposition also are treated as ordinary gain or loss. Currency gains and losses are offset against market gains and losses before determining a net "Section 988" gain or loss under the Internal Revenue Code, which may increase or decrease the amount of the Fund's investment company income available for distribution to its shareholders.

Possible Risk Factors in Hedging. In addition to the risks with respect to Futures and options discussed in the Prospectus and above, there is a risk in using short hedging by selling Stock Index Futures or purchasing puts on stock indices or Stock Index Futures that the prices of the applicable index (thus the prices of the Hedging Instruments) will correlate imperfectly with the behavior of the cash (i.e., market value) prices of the Fund's equity securities. The ordinary spreads between prices in the cash and futures markets are subject to distortions due to differences in the natures of those markets. First, all participants in the futures markets are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions, which could distort the normal relationship between the cash and futures markets. Second, the liquidity of the futures markets depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures markets could be reduced, thus producing distortion. Third, from the point of view of speculators, the deposit requirements in the futures markets are less onerous than margin requirements in the securities markets. Therefore, increased participation by speculators in the futures markets may cause temporary price distortions.

The risk of imperfect correlation increases as the composition of the Fund's portfolio diverges from the securities included in the applicable index. To compensate for the imperfect correlation of movements in the price of the equity securities being hedged and movements in the price of the Hedging Instruments, the Fund may use Hedging Instruments in a greater dollar amount than the dollar amount of equity securities being hedged if the historical volatility of the prices of such equity securities being hedged is more than the historical volatility of the applicable index.

It is also possible that where the Fund has used Hedging Instruments in a short hedge, the market may advance and the value of equity securities held in the Fund's portfolio may decline. If this occurred, the Fund would lose money on the Hedging Instruments and also experience a decline in value in its equity securities. However, while this could occur for a very brief period or to a very small degree, over time the value of a diversified portfolio of equity securities will tend to move in the same direction as the indices upon which the Hedging Instruments are based.

If the Fund uses Hedging Instruments to establish a position in the equities markets as a temporary substitute for the purchase of particular equity securities by buying Stock Index Futures and/or calls on such Futures, on securities or on stock indices, it is possible that the market may decline. If the Fund then concludes not to invest in equity securities at that time because of concerns as to possible further market decline or for other reasons, the Fund will realize a loss on the Hedging Instruments that is not offset by a reduction in the price of such equity securities.

Short Sales Against-the-Box. After making such short sales, while the short position is open, the Fund must own an equal amount of such securities, or by virtue of ownership of securities have the right, without payment of further consideration, to obtain an equal amount of the securities sold short. Short sales against-the-box may be made to defer, for Federal income tax purposes, recognition of gain or loss on the sale of securities "in the box" until the short position is closed out.

INVESTMENT RESTRICTIONS

The Fund's significant investment restrictions are described in the Prospectus. The following investment restrictions are also fundamental policies of the Fund and, together with the fundamental policies and investment objective described in the Prospectus, cannot be changed without the vote of a "majority" of the Fund's outstanding shares. Under the Investment Company Act, such a "majority" vote is defined as the vote of the holders of the lesser of: (i) 67% or more of the shares present or represented by proxy at such meeting, if the holders of more than 50% of the outstanding shares are present, or (ii) more than 50% of the outstanding shares. Under these additional restrictions, the Fund cannot: (a) underwrite securities of other companies except insofar as the Fund might be deemed to be an underwriter in the resale of any securities held in its portfolio; (b) invest in commodities or commodity contracts other than the Hedging Instruments permitted by any of its other fundamental policies, whether or not any such Hedging Instrument is considered to be a commodity or a commodity contract; (c) purchase securities on margin; however, the Fund may make margin deposits in connection with any of the Hedging Instruments permitted by any of its other fundamental policies; (d) purchase calls, unless (i) the investments to which the call relates are securities, broadly-based stock indices or Stock Index Futures on broadly-based stock indices or (ii) the calls are purchased to effect "closing purchase transactions" to terminate an obligation with respect to a call which the Fund has previously written; the Fund may not write puts nor purchase puts except those which relate to (1) securities held by it, (2) Stock Index Futures, or (3) broadly-based stock indices, in each case only to protect against a decline in value of the entire portfolio or of specific portfolio securities or Stock Index Futures held by the Fund, and further provided that, after any such purchase, the value of all options (puts and calls) held by the Fund would not exceed 5% of the Fund's total assets (at the time of purchase); the Fund may not write puts or purchase puts on securities not held by it; (e) lend money except in connection with the acquisition of that portion of publicly-distributed debt securities which the Fund's investment policies and restrictions permit it to purchase (see "Investment Policies" and "Special Investment Methods" in the Prospectus); the Fund may also make loans of portfolio securities (see "Loans of Portfolio Securities") and enter into repurchase agreements (see "Repurchase Agreements" in the Prospectus); (f) mortgage, hypothecate or pledge any of its assets; however, this does not prohibit the escrow arrangements contemplated by the put and call activities of the Fund or other collateral or margin arrangements in connection with any of the Hedging Instruments permitted by any of its other fundamental policies; (g) invest in or hold securities of any issuer if officers and Trustees or Directors of the Fund or the Manager individually owning more than 0.5% of the securities of such issuer together own more than 5% of the securities of such issuer; (h) invest in other open-end investment companies, or invest more than 5% of the value of its net assets in closed-end investment companies, including small business investment companies, nor make any such investments at commission rates in excess of normal brokerage commissions; to the extent the Fund does make investments in other investment companies, the Fund's shareholders may be subject indirectly to that company's management fees and costs; (i) invest in companies for the purpose of acquiring control or management thereof; (j) invest in interests in oil, gas or other mineral exploration or development programs; or (k) invest in real estate or in interests in real

estate, but may purchase readily marketable securities of companies holding real estate or interests therein.

With regard to restriction (h) above, but not as a matter of fundamental policy, the Fund will further restrict itself to open market purchases of closed-end investment companies, except in connection with mergers, and will not engage in arbitrage transactions.

TRUSTEES AND OFFICERS

The Fund's Trustees and officers and their principal occupations and business affiliations during the past five years are listed below. The address of each, except as noted, is Two World Trade Center, New York, New York 10048-0203. Except for Mr. Tracey, each serves in similar capacities with Oppenheimer Global Fund, Oppenheimer Time Fund, Oppenheimer Special Fund, Oppenheimer Money Market Fund, Inc., Oppenheimer Fund, Oppenheimer Target Fund, Oppenheimer U.S. Government Trust, Oppenheimer Tax Free Bond Fund, Oppenheimer New York Tax-Exempt Fund, Oppenheimer California Tax-Exempt Fund, Oppenheimer Asset Allocation Fund, Oppenheimer Gold & Special Minerals Fund, Oppenheimer Multi-State Tax-Exempt Trust, Oppenheimer Mortgage Income Fund, Oppenheimer Global Bio-Tech Fund, Oppenheimer Global Environment Fund, Oppenheimer Global Growth & Income Fund, Oppenheimer Multi-Sector Income Trust and Oppenheimer Multi-Government Trust (collectively the "New York-based OppenheimerFunds"). As of December 31, 1993, all of the Trustees and officers of the Fund as a group beneficially owned less than 1% of its outstanding shares.

LEON LEVY, Chairman of the Board of Trustees
General Partner of Odyssey Partners, L.P. (investment partnership);
Chairman of Avatar Holdings, Inc. (real estate development).

LEO CHERNE, Trustee
386 Park Avenue South, New York, New York 10016
Chairman Emeritus of the International Rescue Committee (philanthropic organization); formerly Executive Director of The Research Institute of America.

EDMUND T. DELANEY, Trustee
5 Gorham Road, Chester, Connecticut 06412
Attorney-at-law; formerly a member of the Connecticut State Historical Commission and Counsel to Copp, Berall & Hempstead (a law firm).

ROBERT G. GALLI, Trustee*
Vice Chairman of the Manager and Vice President of Oppenheimer Acquisition Corp. ("OAC") the Manager's parent holding company; formerly he held the following positions: a director of Oppenheimer Funds Distributor, Inc. (the "Distributor"), Vice President and a director of HarbourView Asset Management Corporation ("HarbourView") and Centennial Asset Management Corporation ("Centennial"), investment adviser subsidiaries of the Manager, a director of Shareholder Financial Services, Inc. ("SFSI") and Shareholder Services, Inc. ("SSI"), transfer agent subsidiaries of the Manager, an officer of other OppenheimerFunds and General Counsel of the Manager and the Distributor.

BENJAMIN LIPSTEIN, Trustee
591 Breezy Hill Road, Hillsdale, New York 12529
Professor Emeritus of Marketing, Stern Graduate School of Business Administration, New York University.

ELIZABETH B. MOYNIHAN, Trustee
801 Pennsylvania Avenue, N.W., Washington, D.C. 20004
Author and architectural historian; a trustee of the American Schools of Oriental Research and the Freer Gallery of Art, Smithsonian Institution; a member of the Indo-U.S. Subcommittee on Education and Culture; a trustee of the Institute of Fine Arts, New York University, and a trustee of the Preservation League of New York State.

- - - - -
*A Trustee who is an "interested person" of the Funds as defined in the Investment Company Act.

KENNETH A. RANDALL, Trustee
6 Whittaker's Mill, Williamsburg, Virginia 23185
A director of Northeast Bancorp, Inc. (bank holding company), Dominion Resources, Inc. (electric utility holding company), and Kemper Corporation (insurance and financial services company); formerly Chairman of the Board

of ICL Inc. (information systems).

EDWARD V. REGAN, Trustee
40 Park Avenue, New York, New York 10018
President of Jerome Levy Institute, Bard College; Member of the U.S.
Competitiveness Policy Council; formerly New York State Comptroller.

RUSSELL S. REYNOLDS, JR., Trustee
200 Park Avenue, New York, New York 10166
Founder Chairman of Russell Reynolds Associates, Inc. (executive
recruiting); Chairman of Directors Publication, Inc. (consulting and
publishing); a trustee of Mystic Seaport Museum, International House,
Greenwich Historical Society and Greenwich Hospital.

SIDNEY M. ROBBINS, Trustee
50 Overlook Road, Ossining, New York 10562
Chase Manhattan Professor Emeritus of Financial Institutions, Graduate
School of Business, Columbia University; Visiting Professor of Finance,
University of Hawaii; a director of The Korea Fund, Inc. and The Malaysia
Fund, Inc. (closed-end investment companies); a member of the Board of
Advisors, Olympus Private Placement Fund, L.P.; Professor Emeritus of
Finance, Adelphi University.

DONALD W. SPIRO, President and Trustee*
Chairman Emeritus and a director of the Manager; formerly Chairman of the
Manager and Oppenheimer Funds Distributor, Inc. (the "Distributor").

PAULINE TRIGERE, Trustee
550 Seventh Avenue, New York, New York 10018
Chairman and Chief Executive Officer of Trigere, Inc. (design and sale of
women's fashions).

CLAYTON YEUTTER, Trustee
1325 Merrie Ridge Road, McLean, Virginia 22101
Of Counsel, Hogan & Hartson (a law firm); a director of B. A. T.
Industries, Ltd. (tobacco and financial services), Caterpillar, Inc.
(machinery), ConAgra, Inc. (food and agricultural products), FMC Corp.
(chemicals and machinery), Lindsay Manufacturing Co. and Texas
Instruments, Inc. (electronics); formerly (in order positions were most
recently held) Deputy Chairman, Bush/Quayle Presidential Campaign,
Counsellor to the President (Bush) for Domestic Policy, Chairman of the
Republican National Committee, Secretary of the U. S. Department of
Agriculture, and U. S. Trade Representative, Executive Office of the
President.

ANDREW J. DONOHUE, Secretary
Executive Vice President and General Counsel of the Manager and the
Distributor; an officer of other OppenheimerFunds; formerly Senior Vice
President and Associate General Counsel of the Manager and the
Distributor; Partner in, Kraft & McManimon (a law firm); an officer of
First Investors Corporation (a broker-dealer) and First Investors
Management Company, Inc. (broker-dealer and investment adviser); director
and an officer of First Investors Family of Funds and First Investors Life
Insurance Company.

JAY TRACEY, Vice President and Portfolio Manager
Vice President of the Manager; an officer of other OppenheimerFunds;
formerly Senior Vice President of Founders Asset Management, Inc. (mutual
fund adviser), prior to which he was a securities analyst and portfolio
manager of Berger Associates, Inc. (investment adviser).

GEORGE C. BOWEN, Treasurer
3410 South Galena Street Denver, Colorado 80231
Senior Vice President and Treasurer of the Manager; Vice President and
Treasurer of the Distributor and HarbourView; Senior Vice President,
Treasurer, Assistant Secretary and a director of Centennial; Vice
President, Treasurer and Secretary of SSI and SFISI; an officer of other
OppenheimerFunds; formerly Senior Vice President/Comptroller and Secretary
of Oppenheimer Asset Management Corp., a former investment advisory
subsidiary of the Manager.

LYNN M. COLUCCY, Assistant Treasurer
3410 South Galena Street, Denver, Colorado 80231

Vice President and Assistant Treasurer of the Manager; an officer of other OppenheimerFunds; formerly Vice President\Director of Internal Audit of the Manager.

ROBERT G. ZACK, Assistant Secretary
Senior Vice President and Associate General Counsel of the Manager;
Assistant Secretary of SSI and SFSI; an officer of other OppenheimerFunds.

Remuneration of Trustees. The officers of the Fund (including Mr. Spiro) are affiliated with the Manager and receive no salary or fee from the Fund. During the fiscal year ended September 30, 1993, the remuneration (including expense reimbursements) paid by the Fund to all Trustees of the Fund (excluding Messrs. Galli and Spiro) in the aggregate for services as Trustees and as members of one or more Committees totaled \$34,025. The Fund has adopted a retirement plan that provides for payment to a retired Trustee of up to 80% of the average compensation paid during that Trustee's five years of service in which the highest compensation was received. A Trustee must serve in that capacity for any of the New York-based OppenheimerFunds for at least 15 years to be eligible for the maximum payment. No Trustee has retired since the adoption of the plan and no payments have been made by the Fund under the plan. In the fiscal year ended September 30, 1993, the Fund accrued \$18,386 for benefit obligations under the plan.

Major Shareholders. As of December 31, 1993, no person owns of record or is known by the Fund to own beneficially 5% or more of the Fund's outstanding shares.

INVESTMENT MANAGEMENT SERVICES

The Manager is wholly-owned by Oppenheimer Acquisition Corp. ("OAC"), a holding company controlled by Massachusetts Mutual Life Insurance Company. OAC is also owned in part by certain of the Manager's directors and officers, some of whom may also serve as officers of the Fund, and two of whom (Messrs. Spiro and Galli) serve as Trustees of the Fund.

The management fee payable to the Manager under the terms of the investment advisory agreement between the Manager and the Fund (the "Agreement") is payable monthly and is computed on the net assets of the Fund as of the close of business each day. The Agreement requires the Manager, at its expense, to provide the Fund with adequate office space, facilities and equipment, and to provide and supervise the activities of all administrative and clerical personnel required to provide effective administration for the Fund, including the compilation and maintenance of records with respect to its operations, the preparation and filing of specified reports, and composition of proxy materials and registration statements for continuous public sale of shares of the Fund. Expenses not expressly assumed by the Manager under the Agreement or by the Distributor are paid by the Fund. The Agreement lists examples of expenses paid by the Fund, the major categories of which relate to interest, taxes, brokerage commissions, fees to certain Trustees, legal and audit expenses, custodian and transfer agent expenses, share issuance costs, certain printing and registration costs and non-recurring expenses, including litigation costs. During the Fund's fiscal years ended September 30, 1991, 1992 and 1993, the management fees paid by the Fund to the Manager were \$563,138, \$1,624,055 and \$3,286,982, respectively.

The Agreement contains no expense limitation. However, independently of the Agreement, the Manager has undertaken that the total expenses of the Fund in any fiscal year (including the management fee but excluding taxes, interest, brokerage commissions, distribution assistance payments and extraordinary expenses such as litigation costs) shall not exceed (and the Manager undertakes to pay or refund to the Fund any amount by which such expenses shall exceed) the most stringent state regulatory limitation on fund expenses applicable to the Fund. The Manager reserves the right to terminate or amend the undertaking at any time. The payment of the management fee will be reduced so that there will not be any accrued but unpaid liability under the expense limitation. Any assumption of the Fund's expenses under this limitation would lower the Fund's overall expense ratio and increase its total return during any period in which expenses are limited.

The Agreement provides that in the absence of willful misfeasance, bad faith, or gross negligence in the performance of its duties or reckless disregard for its obligations thereunder, the Manager is not liable for any loss sustained by reason of any good faith error or omission in connection with any matters to which the Agreement relates. The Agreement permits the Manager to act as investment adviser for any other person, firm or corporation and to use the name

"Oppenheimer" in connection with one or more additional investment companies for which it may act as investment adviser or general distributor. If the Manager shall no longer act as investment adviser to the Fund, the right of the Fund to use the name "Oppenheimer" as part of its name may be withdrawn.

BROKERAGE

Provisions of the Investment Advisory Agreement. One of the duties of the Manager under the Agreement is to arrange the portfolio transactions of the Fund. In doing so, the Manager is authorized by the Agreement to employ broker-dealers ("brokers"), including "affiliated" brokers, as that term is defined in the Investment Company Act, as may, in its best judgment based on all relevant factors, implement the policy of the Fund to obtain, at reasonable expense, the "best execution" (prompt and reliable execution at the most favorable price obtainable) of such transactions. The Manager need not seek competitive commission bidding or base its selection on "posted" rates, but is expected to be aware of the current rates of eligible brokers and to minimize the commissions paid to the extent consistent with the provisions of the Agreement and the interests and policies of the Fund as established by its Board of Trustees.

Under the Agreement, the Manager is authorized to select brokers that provide brokerage and/or research services for the Fund and/or the other accounts over which the Manager or its affiliates have investment discretion. The commissions paid to such brokers may be higher than another qualified broker would have charged, if a good faith determination is made by the Manager that the commission is fair and reasonable in relation to the services provided. Subject to the foregoing considerations, the Manager may also consider sales of shares of the Fund and of other funds managed by the Manager and its affiliates as a factor in the selection of brokers for the Fund's portfolio transactions.

Description of Brokerage Practices. Subject to the provisions of the Agreement, when brokers are used for the Fund's portfolio transactions, allocations of the Fund's brokerage are made by portfolio managers under the supervision of the Manager's executive officers. Transactions in securities other than those for which an exchange is the primary market are generally done with principals or market makers. Brokerage commissions are paid primarily for effecting transactions in listed securities and otherwise only if it appears likely that a better price or execution can be obtained. When the Fund engages in an option transaction, ordinarily the same broker will be used for the purchase or sale of the option and any transactions in the securities to which the option relates. When possible, concurrent orders to purchase or sell the same security by more than one of the accounts managed by the Manager or its affiliates are combined. Transactions effected pursuant to such combined orders are averaged as to price and allocated in accordance with the purchase or sale orders actually placed for each account.

The research services provided by a particular broker may be useful only to one or more of the advisory accounts of the Manager and its affiliates, and investment research received for the commissions of those other accounts may be useful both to the Fund and one or more of such other accounts. Such research, which may be supplied by a third party at the instance of a broker, includes information and analyses on particular companies and industries as well as market or economic trends and portfolio strategy, receipt of market quotations for portfolio evaluations, information systems, computer hardware and similar products and services. If a research service also assists the Manager in a non-research capacity (such as bookkeeping or other administrative functions), then only the percentage or component that provides assistance to the Manager in the investment decision-making process may be paid for in commission dollars. The research services provided by brokers broaden the scope and supplement the research activities of the Manager, by making available additional views for consideration and comparisons, and enabling the Manager to obtain market information for the valuation of securities held in the Fund's portfolio or being considered for purchase. The Board of Trustees, including the independent Trustees of the Fund, annually reviews information furnished by the Manager as to the commissions paid to brokers furnishing such services in an effort to ascertain that the amount of such commissions was reasonably related to the value or the benefit of such services.

During the Fund's fiscal years ended September 30, 1991, 1992 and 1993, total brokerage commissions paid by the Fund (not including spreads or concessions on principal transactions on a net trade basis) were \$244,710, \$347,317 and \$5,701,355, respectively. During the fiscal year ended September 30, 1993, \$301,196 was paid to brokers as commissions in return for research services (including special research, statistical information and execution); the aggregate dollar amount of those

transactions was \$53,721,740. The transactions giving rise to those commissions were allocated in accordance with the internal allocation procedures described above.

PURCHASE, REDEMPTION AND PRICING OF SHARES

Determination of Net Asset Value Per Share. The net asset value per share of the Fund is determined as of 4:00 P.M. each day The New York Stock Exchange (the "NYSE") is open (a "regular business day"), by dividing the value of the Fund's net assets by the total number of Fund shares outstanding. The NYSE's most recent holiday schedule (which is subject to change) states that it will close on New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. It may also close on other days. The Fund may invest a substantial portion of its assets in foreign securities primarily listed on foreign exchanges or traded in foreign over-the-counter markets which trade on Saturdays or other customary U.S. business holidays on which the NYSE is closed. Because the Fund's offering price and net asset value will not be calculated on those days, if foreign securities held in the Fund's portfolio are traded on those days, the Fund's net asset value may be significantly affected on such days, when shareholders will not have the ability to purchase or redeem shares.

The Fund's Board of Trustees has established procedures for the valuation of its securities: (i) equity securities traded on a securities exchange or on NASDAQ are valued at the last sale price on their primary exchange or on NASDAQ that day (or, in the absence of sales that day, at values based on the last sale prices of the preceding trading day or closing bid and asked prices); (ii) NASDAQ and other unlisted equity securities for which last sale prices are not regularly reported but for which over-the-counter market quotations are readily available are valued at the highest closing bid price at the time of valuation, or, if no closing bid price is reported, on the basis of a closing bid price obtained from a dealer who maintains an active market in that security; (iii) securities (including restricted securities) not having readily-available market quotations are valued at fair value under the Board's procedures; (iv) debt securities having a maturity in excess of 60 days are valued at the mean between the asked and bid prices determined by a portfolio pricing service approved by the Fund's Board of Trustees or obtained from an active market maker in that security; (v) short-term debt securities (having a remaining maturity of 60 days or less) are valued at cost, adjusted for amortization of premiums and accretion of discounts; and (vi) securities traded on foreign exchanges or in foreign over-the-counter markets are valued as determined by a portfolio pricing service approved by the Board, based upon the last sales prices reported on a principal exchange or, for over-the-counter securities, based on the mean between closing bid and asked prices and, in each case, reflecting prevailing rates of exchange to convert their values to U.S. dollars.

Trading in securities on European and Asian exchanges and over-the-counter markets is normally completed before the close of the NYSE. Events affecting the values of foreign securities traded in such markets that occur between the time their prices are determined and the close of the NYSE will not be reflected in the Fund's calculation of its net asset value unless the Board of Trustees or the Manager, under procedures established by the Board of Trustees, determines that the particular event would materially affect the Fund's net asset value, in which case an adjustment would be made. Foreign currency will be valued as close to the time fixed for the valuation date as is reasonably practicable.

Puts, calls and Futures are valued at the last sales price on the principal exchange on which they are traded, or on NASDAQ, as applicable, or, if there are no transactions, in accordance with (i) above. When the Fund writes an option, an amount equal to the premium received by the Fund is included in the Fund's Statement of Assets and Liabilities as an asset, and an equivalent deferred credit is included in the liability section. The deferred credit is adjusted ("marked-to-market") to reflect the current market value of the option.

Reduced Sales Charges. As discussed in the Prospectus, a reduced sales charge rate may be obtained under the Right of Accumulation and Letters of Intent because of the economies of sales efforts and reduction in expenses realized by the Distributor, dealers and brokers making such sales. In the instances described in the Prospectus in which no sales charge is imposed, that policy has been adopted because the Distributor, dealer or broker incurs little or no selling expenses. The term "immediate family" refers to one's spouse, children, grandchildren, parents, grandparents, parents-in-law, brothers and sisters, brothers- and sisters-in-law, and sons- and daughters-in-law.

Redemptions. Information on how to redeem shares of the Fund is stated

in the Prospectus. The Prospectus states that payment for shares tendered for redemption is ordinarily made in cash. However, if the Board of Trustees determines that it would be detrimental to the best interests of the remaining shareholders of the Fund to make payment wholly in cash, the Fund may pay the redemption proceeds in whole or in part by a distribution in kind of securities from the portfolio of the Fund in lieu of cash, in conformity with applicable Securities and Exchange Commission rules. The Fund has elected to be governed by Rule 18f-1 under the Investment Company Act, pursuant to which the Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the net assets of the Fund during any 90-day period for any one shareholder. If shares are redeemed in kind, the redeeming shareholder might incur brokerage or other costs in converting the assets to cash. The method of valuing securities used to make redemptions in kind will be the same as the method of valuing portfolio securities described above under "Determination of Net Asset Value Per Share," and such valuation will be made as of the same time the redemption price is determined.

The Fund's Board of Trustees has the right to cause the involuntary redemption of the shares held in any account if the aggregate net asset value of such shares (taken at cost or value as determined by the Board) is less than \$500 or such lesser amount as the Board may decide. The Board of Trustees will not cause the involuntary redemption of shares in an account if the aggregate net asset value of such shares has fallen below the stated minimum solely as a result of market fluctuations. Should the Board elect to exercise this right, it may also fix, in accordance with the Investment Company Act, the requirements for any notice to be given to the shareholders in question (not less than 30 days), or may set requirements for permission to allow the shareholder to increase the investment so that the shares would not be involuntarily redeemed.

Cancellation of Purchase Orders. Cancellation of purchase orders for the Fund's shares (for example, when a check submitted to purchase shares is returned to the Fund unpaid) causes a loss to be incurred when the net asset value of the Fund's shares on the cancellation date is less than on the purchase date. That loss is equal to the difference in net asset value times the number of shares in the purchase order. The investor is responsible for that loss. If the investor fails to compensate the Fund for the loss, the Distributor will do so. The Fund may reimburse the Distributor for the amount by redeeming shares from any account registered in that investor's name or the Distributor may seek other redress.

SERVICE PLAN

The Fund has adopted a Service Plan (the "Plan") under Rule 12b-1 of the Investment Company Act, described in the Prospectus. The Plan provides that the Fund may make certain continuing payments to the Distributor for a portion of its costs incurred in the distribution of the Fund's shares. The Plan has been approved by a vote of (i) the Board of Trustees of the Fund, including a majority of the "Independent Trustees" (trustees who are not "interested persons" as defined in the Investment Company Act and who have no direct or indirect financial interest in the operation of the Plan or in any agreements relating to the Plan), cast in person at a meeting called for the purpose of voting on the Plan, and (ii) the holders of a "majority" (as defined in the Investment Company Act) of the Fund's shares.

Under the Plan, no payments will be made to any Recipient if the value of all Fund shares held by it or its customers at the end of a calendar quarter is less than the minimum amount, if any, set from time to time by a majority of those Trustees who are not "interested persons" (as defined in the Investment Company Act) and have no direct or indirect financial interest in the operation of the Plan or in any agreements relating to the Plan (the "Independent Trustees"). For the fiscal year ended September 30, 1993, payments under the Plan totalled \$1,084,511, of which \$51,898 was paid to an affiliate of the Distributor, as reimbursement for service-related expenses.

The Plan, unless terminated as described below, shall continue in effect from year to year, but only so long as such continuance is specifically approved at least annually by the vote of the Fund's Board of Trustees and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance. The Plan may be terminated at any time by the vote of a majority of the Independent Trustees or by the vote of the holders of a "majority" of the Fund's outstanding voting securities. The Plan may not be amended without shareholder approval, as set forth above, to increase materially the amount of payments to be made, and all material amendments must be approved by the Board and the Independent Trustees.

While the Plan is in effect, the Treasurer of the Fund shall provide a written report to the Fund's Board of Trustees at least quarterly on the amount of all payments made pursuant to the Plan, the identity of each Recipient of each such payment, and the purpose of the payments. The Plan further provides that while it is in effect, the selection or replacement and nomination of those Trustees of the Fund who are not "interested persons" of the Fund is committed to the discretion of the Independent Trustees. This does not prevent the involvement of others in such selection and nomination if the final decision on any such selection or nomination is approved by a majority of such Independent Trustees.

The Glass-Steagall Act and other applicable laws and regulations, among other things, generally prohibit Federally-chartered or supervised banks from engaging in the business of underwriting, selling or distributing securities as principals. Accordingly, the Distributor may pay banks only for sales made on an agency basis or for performance of administrative and shareholder servicing functions under the Plan. It is the understanding of the Manager and the Distributor that the Glass-Steagall Act and other applicable laws and regulations do not prohibit banks and other financial institutions from providing services required of a Recipient. However, judicial or administrative decisions or interpretations of such laws, as well as changes in either Federal or state statutes or regulations relating to the permissible activities of banks or their subsidiaries or affiliates, could prevent certain banks from continuing to perform all or a part of these services. If a bank were so prohibited, shareholders of the Fund who were clients of such bank would be permitted to remain as shareholders, and if a bank could no longer provide those service functions, alternate means for continuing the servicing of such shareholders would be sought. In such event, shareholders serviced by such bank might no longer be able to avail themselves of any automatic investment or other services then being provided by such bank. The Fund's Board of Trustees will consider appropriate modifications to the Fund's operations, including discontinuance of payments under the Plan to such institutions, in the event of any future change in such laws or regulations which may adversely affect the ability of such institutions to provide these services. It is not expected that shareholders would suffer any adverse financial consequences as a result of any of those occurrences. In addition, certain banks and financial institutions may be required to register as dealers under state law.

PERFORMANCE, DIVIDEND AND TAX INFORMATION

Total Return Information. As described in the Prospectus, from time to time the "average annual total return," "total return," and "total return at net asset value" of an investment in the Fund may be advertised. An explanation of how average annual total return, total return at net asset value and total return are calculated and the components of those calculations is set forth below.

The Fund's "average annual total return" is an average annual compounded rate of return. It is the rate of return based on factors which include a hypothetical investment of \$1,000 ("P" in the formula below) held for a number of years ("n") with an Ending Redeemable Value ("ERV") of that investment, according to the following formula:

$$\begin{aligned} & (ERV)^{1/n} \\ & (-----)^{-1} = \text{Average Annual Total Return} \\ & (P) \end{aligned}$$

The "total return" uses the same factors, but does not average the rate of return on an annual basis. Total return measures the cumulative (rather than average) change in value of a hypothetical investment over a stated period. Total return is determined as follows:

$$\begin{aligned} & ERV - P \\ & - ----- = \text{Total Return} \\ & P \end{aligned}$$

Both formulas assume the payment of the Fund's current maximum sales charge of 5.75% (as a percentage of the offering price) on the initial investment ("P"). They also assume that all dividends and capital gains distributions during the period are reinvested at net asset value per share, and that the investment is redeemed at the end of the period. The "average annual total returns" on an investment in the Fund (using the method described above) for the one-year period and five-year periods ended September 30, 1993, and from the Fund's inception (September 11, 1986) to September 30, 1993, were 36.15%, 20.78% and 19.89%, respectively. The "total return" from inception to September 30, 1993, was 259.55%.

From time to time the Fund may also quote a "total return at net asset value" to describe the rate of return on an investment in the Fund. It is based on the difference in net asset values per share at the beginning and the end of the period (without considering sales charge) and takes into consideration the reinvestment of dividends and capital gains (as with total return, described above). The Fund's total return at net asset value for the year ended September 30, 1993, was 44.46%.

Total return information may be useful to investors in reviewing the Fund's performance. However, certain factors should be considered before using such information as a basis for comparison with other investments. No adjustment is made for taxes payable on distributions. An investment in the Fund is not insured; its total return is not guaranteed and will fluctuate over time. Performance for any given past period is not an indication or representation by the Fund of future rates of return on its shares. The Fund's total return is affected by portfolio quality, portfolio maturity, type of investments held and operating expenses. When comparing the Fund's total return with that of other investment instruments, investors should understand that certain other investment alternatives such as money market instruments, certificates of deposit, U.S. government securities or bank accounts provide a return which remains relatively constant over time, and also that bank accounts may be insured. Investors should also understand, when comparing the Fund's total return and risk to capital with that of other investment alternatives, that since the Fund is an equity fund seeking capital appreciation, its shares are subject to greater market risks than shares of funds having other investment objectives.

The total return on an investment made in shares of the Fund may be compared with performance for the same period of the NASDAQ Composite Index of over-the-counter securities, the Standard & Poor's 500 Index ("S&P 500") or the New York Stock Exchange Index, which are widely-recognized indices of stock performance. Such indices consist of unmanaged groups of common stocks. The NASDAQ Composite Index includes the reinvestment of income dividends; the other two indices do not. None of those indices takes sales charges or taxes into consideration, as these items are not applicable to indices.

From time to time the Fund may publish the ranking of its shares' performance by Lipper Analytical Services, Inc. ("Lipper"), a widely-recognized independent service, which monitors the performance of regulated investment companies, including the Fund, and ranks their performance for various periods based on categories relating to investment objectives. The performance of the Fund is ranked against (i) all other funds, other than money market funds, (ii) all other growth funds, and (iii) all other growth funds in a specific size category. The Lipper performance analysis includes the reinvestment of capital gains distributions and income dividends but does not take sales charges or taxes into consideration.

From time to time the Fund may publish the ranking of its shares' performance by Morningstar, Inc., an independent mutual fund monitoring service that ranks various mutual funds, including the Fund, by a quantitative system based upon the fund's three, five and ten-year average annual total returns (when available) and a risk factor that reflects fund performance relative to three-month U.S. Treasury bill monthly returns. Such returns are adjusted for fees and sales loads. The ratings represent a fund's historical risk/reward ratio relative to other funds in its class. There are five ranking categories with a corresponding number of stars: highest (5), above average (4), neutral (3), below average (2) and lowest (1). Morningstar ranks the Fund's performance against all other small company equity funds.

Tax Status of the Fund's Dividends and Distributions. The Federal tax treatment of the Fund's dividends and distributions is explained in the Prospectus under the caption "Dividends, Distributions and Taxes." Special provisions of the Internal Revenue Code govern the eligibility of the Fund's dividends for the dividends-received deduction for corporate shareholders. Long-term capital gains distributions are not eligible for the deduction. In addition, the amount of dividends paid by the Fund which may qualify for the deduction is limited to the aggregate amount of qualifying dividends (generally dividends from domestic corporations) that the Fund derives from its portfolio investments held for a minimum period, usually 46 days. A corporate shareholder will not be eligible for the deduction on dividends paid on shares held by the shareholder for 45 days or less. To the extent the Fund's dividends are derived from gross income from option premiums, interest income or short-term capital gains from the sale of securities, or dividends from foreign corporations, its dividends will not qualify for the deduction.

Under the Internal Revenue Code, by December 31 each year the Fund must distribute 98% of its taxable investment income earned from January

1 through December 31 of that year and 98% of its capital gains realized from November 1 of the prior year through October 31 of that year, or else the Fund must pay an excise tax on the amounts not distributed. While it is presently anticipated that the Fund will meet those requirements, the Fund's Board and the Manager might determine in a particular year that it would be in the best interest of the Fund not to make such distributions at the required levels and to pay the excise tax, which would reduce the amount available for distribution to shareholders.

Dividend Reinvestment in Another Fund. Shareholders of the Fund may elect to reinvest all dividends and/or distributions from the Fund in shares of any of the funds listed in the Prospectus as "Eligible Funds," at net asset value without sales charge. To elect this option, a shareholder must notify the Transfer Agent in writing, and either must have an existing account in the fund selected for reinvestment or must obtain a prospectus for that fund and application from the Distributor to establish an account. The investment will be made at net asset value per share in effect at the close of business on the payable date of the dividend or distribution.

ADDITIONAL INFORMATION

Description of the Fund. The Fund's Declaration of Trust contains an express disclaimer of shareholder or Trustee liability for the Fund's obligations, and provides for indemnification and reimbursement of expenses out of its property for any shareholder held personally liable for its obligations. The Declaration of Trust also provides that the Fund shall, upon request, assume a defense of any claim made against any shareholder for any act or obligation of the Fund and satisfy any judgment thereon. Thus, while Massachusetts law permits a shareholder of a trust (such as the Fund) to be held personally liable as a "partner" under certain circumstances, the risk of a Fund shareholder incurring financial loss on account of shareholder liability is limited to the relatively remote circumstances in which the Fund itself would be unable to meet the obligations described above. Any person doing business with the Trust, and any shareholder of the Trust, agrees under the Trust's Declaration of Trust to look solely to the assets of the Trust for satisfaction of any claim or demand which may arise out of any dealings with the Trust, and the Trustees shall have no personal liability to any such person, to the extent permitted by law.

Shareholders have the right, upon the declaration in writing or vote of two-thirds of the outstanding shares of the Fund, to remove a Trustee. The Trustees will call a meeting of shareholders to vote on the removal of a Trustee upon the written request of the record holders of 10% of its outstanding shares. In addition, if the Trustees receive a request from at least 10 shareholders (who have been shareholders for at least six months) holding shares of the Fund valued at \$25,000 or more or holding 1% or more of the Fund's outstanding shares, whichever is less, that they wish to communicate with other shareholders to request a meeting to remove a Trustee, the Trustees will then either make the Fund's shareholder list available to the applicants or mail their communication to all other shareholders at the applicants' expense, or the Trustees may take such other action as set forth in Section 16(c) of the Investment Company Act.

The Custodian and the Transfer Agent. The Bank of New York is the Custodian of the Fund's assets. The Custodian's responsibilities include safeguarding and controlling the Fund's portfolio securities and handling the delivery of portfolio securities to and from the Fund. The Manager has represented to the Fund that its banking relationships with the Custodian have been and will continue to be unrelated to and unaffected by the relationship between the Fund and the Custodian. It will be the practice of the Fund to deal with the Custodian in a manner uninfluenced by any banking relationship the Custodian may have with the Manager and its affiliates.

Oppenheimer Shareholder Services, as transfer agent, is responsible for maintaining the Fund's shareholder registry and shareholder accounting records, and for shareholder servicing and administrative functions.

General Distributor's Agreement. Under the Distribution Agreement between the Fund and the Distributor, the Distributor acts as the Fund's principal underwriter in the continuous public offering of its shares but is not required to sell a specific number of shares. Expenses normally attributable to sales (other than those paid under the Distribution Plan), including advertising and the cost of printing and mailing prospectuses (other than those furnished to existing shareholders), are borne by the Distributor. During the Fund's fiscal years ended September 30, 1991, 1992 and 1993, the aggregate amount of sales charges on sales of the Fund's shares was \$878,863, \$6,058,199 and \$6,534,429, respectively, of which the Distributor and an affiliated broker-dealer retained in the

aggregate \$195,661, \$1,723,084 and \$1,751,688 in those respective years.

Independent Auditors. The independent auditors of the Fund examine the Fund's financial statements and perform other related audit services. They also serve as auditors for certain other investment companies advised by the Manager.

AUTOMATIC WITHDRAWAL PLAN PROVISIONS

By requesting an Automatic Withdrawal Plan, the applicant agrees to the terms and conditions applicable to such plans, as stated below and elsewhere in the Application for such Plans, the Prospectus and this Additional Statement as they may be amended from time to time by the Fund and/or the Distributor. When adopted, such amendments will automatically apply to existing Plans.

Fund shares will be redeemed as necessary to meet withdrawal payments. Shares acquired without a sales charge will be redeemed first and thereafter; shares acquired with reinvested dividends and distributions followed by shares acquired with a sales charge will be redeemed to the extent necessary to meet withdrawal payments. Depending upon the amount withdrawn, the investor's principal may be depleted. Payments made to shareholders under such plans should not be considered a yield or income on an investment. Purchases of additional shares concurrently with withdrawals are undesirable because of sales charges on purchases. Accordingly, a shareholder may not maintain an Automatic Withdrawal Plan while simultaneously making regular purchases.

1. Oppenheimer Shareholder Services, the Transfer Agent of the Fund, will administer the Automatic Withdrawal Plan (the "Plan") as agent for the person (the "Planholder") who executed the Plan authorization and application submitted to the Transfer Agent.

2. Certificates will not be issued for shares of the Fund purchased for and held under the Plan, but the Transfer Agent will credit all such shares to the account of the Planholder on the records of the Fund. Any share certificates now held by the Planholder may be surrendered unendorsed to the Transfer Agent with the Plan application so that the shares represented by the certificate may be held under the Plan. Those shares will be carried on the Planholder's Plan Statement.

3. Distributions of capital gains must be reinvested in shares of the Fund, which will be done at net asset value without a sales charge. Dividends may be paid in cash or reinvested.

4. Redemptions of shares in connection with disbursement payments will be made at the net asset value per share determined on the redemption date.

5. Checks or ACH payments will be transmitted three business days prior to the date selected for receipt of the monthly or quarterly payment (the date of receipt is approximate), according to the choice specified in writing by the Planholder.

6. The amount and the interval of disbursement payments and the address to which checks are to be mailed may be changed at any time by the Planholder on written notification to the Transfer Agent. The Planholder should allow at least two weeks' time in mailing such notification before the required change can be put in effect.

7. The Planholder may, at any time, instruct the Transfer Agent by written notice (in proper form in accordance with the requirements of the then-current prospectus of the Fund) to redeem all, or any part of, the shares held under the Plan. In such case, the Transfer Agent will redeem the number of shares requested at the net asset value per share in effect in accordance with the Fund's usual redemption procedures and will mail a check for the proceeds of such redemption to the Planholder.

8. The Plan may, at any time, be terminated by the Planholder on written notice to the Transfer Agent, or by the Transfer Agent upon receiving directions to that effect from the Fund. The Transfer Agent will also terminate the Plan upon receipt of evidence satisfactory to it of the death or legal incapacity of the Planholder. Upon termination of the Plan by the Transfer Agent or the Fund, shares remaining unredeemed will be held in an uncertificated account in the name of the Planholder, and the account will continue as a dividend-reinvestment, uncertificated account unless and until proper instructions are received from the Planholder, his executor or guardian, or as otherwise appropriate.

9. For purposes of using shares held under the Plan as collateral, the Planholder may request issuance of a portion of his shares in certificated form. Upon written request from the Planholder, the Transfer

Agent will determine the number of shares as to which a certificate may be issued, so as not to cause the withdrawal checks to stop because of exhaustion of uncertificated shares needed to continue payments. Should such uncertificated shares become exhausted, Plan withdrawals will terminate.

10. The Transfer Agent shall incur no liability to the Planholder for any action taken or omitted by the Transfer Agent in good faith.

11. In the event that the Transfer Agent shall cease to act as transfer agent for the Fund, the Planholder will be deemed to have appointed any successor transfer agent to act as his agent in administering the Plan.

LETTERS OF INTENT

In submitting a Letter of Intent to purchase shares of the Fund and Class A shares of other OppenheimerFunds at a reduced sales charge, the investor agrees to the terms of the Prospectus, the Application used to buy such shares and the language in this Additional Statement as to Letters of Intent, as they may be amended from time to time by the Fund. Such amendments will apply automatically to existing Letters of Intent.

A Letter of Intent ("Letter") is the investor's statement of intention to purchase shares of the Fund (and Class A shares of other eligible OppenheimerFunds sold with a sales charge) during the 13-month period from the investor's first purchase pursuant to the Letter (the "Letter of Intent period"), which may, at the investor's request, include purchases made up to 90 days prior to the date of the Letter. The investor states the intention to make the aggregate amount of purchases (excluding any reinvestments of dividends or distributions or purchases made at net asset value without sales charge), which together with the investor's holdings of such funds (calculated at their respective public offering prices calculated on the date of the Letter) will equal or exceed the amount specified in the Letter to obtain the reduced sales charge rate (as set forth in "How To Buy Shares" in the Prospectus) applicable to purchases of shares in that amount (the "intended amount"). Each purchase under the Letter will be made at the public offering price applicable to a single lump-sum purchase of shares in the intended amount, as described in the applicable prospectus.

In submitting a Letter, the investor makes no commitment to purchase shares, but if the investor's purchases of shares within the Letter of Intent period, when added to the value (at offering price) of the investor's holdings of such fund shares on the last day of that period, do not equal or exceed the intended amount, the investor agrees to pay the additional amount of sales charge applicable to such purchases, as set forth in "Terms of Escrow," below, as those terms may be amended from time to time. The investor agrees that shares equal in value to 5% of the intended amount will be held in escrow by the Fund's transfer agent subject to the Terms of Escrow.

If the total eligible purchases made during the Letter of Intent period do not equal or exceed the intended amount, the commissions previously paid to the dealer of record for the account and the amount of sales charge retained by the Distributor will be adjusted to the rates applicable to actual total purchases. If total eligible purchases during the Letter of Intent period exceed the intended amount and exceed the amount needed to qualify for the next sales charge rate reduction set forth in the applicable prospectus, the sales charges paid will be adjusted to the lower rate, but only if and when the dealer returns to the Distributor the excess of the amount of commissions allowed or paid to the dealer over the amount of commissions that apply to the actual amount of purchases. The excess commissions returned to the Distributor will be used to purchase additional shares for the investor's account at the net asset value per share in effect on the date of such purchase, promptly after the Distributor's receipt thereof.

In determining the total amount of purchases made under a Letter, shares redeemed by the investor prior to the termination of the Letter of Intent period will be deducted. It is the responsibility of the dealer of record and/or the investor to refer to the Letter in placing any purchase orders for the investor during the Letter of Intent period. All of such purchases must be made through the Distributor.

Terms of Escrow

1. Out of the initial purchase (or subsequent purchases if necessary) made pursuant to a Letter, shares of the Fund equal in value to 5% of the intended amount specified in the Letter shall be held in escrow by the Fund's transfer agent. For example, if the intended amount specified under the Letter is \$50,000, the escrow shall be shares valued in the amount of \$2,500 (computed at the public offering price adjusted

for a \$50,000 purchase). Any dividends and capital gains distributions on the escrowed shares will be credited to the investor's account.

2. If the total minimum investment specified under the Letter is completed within the thirteen-month Letter of Intent period, the escrowed shares will be promptly released to the investor.

3. If, at the end of the thirteen-month Letter of Intent period the total purchases pursuant to the Letter are less than the intended amount specified in the Letter, the investor must remit to the Distributor an amount equal to the difference between the dollar amount of sales charges actually paid and the amount of sales charges which would have been paid if the total amount purchased had been made at a single time. Such sales charge adjustment will apply to any shares redeemed prior to the completion of the Letter. If such difference in sales charges is not paid within twenty days after a request from the Distributor or the dealer, the Distributor will, within sixty days of the expiration of the Letter, redeem the number of escrowed shares necessary to realize such difference in sales charges. Full and fractional shares remaining after such redemption will be released from escrow. If a request is received to redeem escrowed shares prior to the payment of such additional sales charge, the sales charge will be withheld from the redemption proceeds.

4. By signing the Letter, the investor irrevocably constitutes and appoints the transfer agent his attorney-in-fact to surrender for redemption any or all escrowed shares on the books of the Fund.

5. The funds whose shares are eligible for purchase under the Letter (or the holding of which may be counted toward completion of the Letter) do not include any fund whose shares are sold without a sales charge (including a contingent deferred sales charge) unless (for the purpose of determining completion of the obligation to purchase shares under the Letter) the shares were acquired in exchange for shares of a fund (described as an "Eligible Fund" in the Prospectus) whose shares were acquired by payment of a sales charge.

6. Shares held in escrow hereunder will automatically be exchanged for shares of another fund to which an exchange is requested, as described in the section of the Prospectus entitled "Exchange Privilege," and the escrow will be transferred to that other fund.

INDEPENDENT AUDITORS' REPORT

The Board of Trustees and Shareholders of Oppenheimer Discovery Fund:

We have audited the accompanying statements of investments and assets and liabilities of Oppenheimer Discovery Fund as of September 30, 1993, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the seven-year period then ended and the period from September 11, 1986 (commencement of operations) to September 30, 1986. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights 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 the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of September 30, 1993, by correspondence with the custodian and brokers; and where confirmations were not received from brokers, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Oppenheimer Discovery Fund as of September 30, 1993, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the seven-year period then ended and the period from September 11, 1986 (commencement of operations) to September 30, 1986, in conformity with generally accepted accounting principles.

Denver, Colorado
October 21, 1993

Statement of Investments September 30, 1993

<TABLE>

<CAPTION>

<S>

		Face Amount <C>	Market Value See Note 1 <C>
Repurchase Agreements -- 9.0%	Repurchase agreement with First Chicago Capital Markets, 3.375%, dated 9/30/93 and maturing 10/1/93, collateralized by U.S. Treasury Nts., 6.875%, 3/31/97, with a value of \$53,577,814 (Cost \$52,500,000)	\$52,500,000	\$52,500,000
Corporate Bonds and Notes -- 3.9%			
	IntelCom Group, Inc., 8% Cv. Sub. Debs., 9/24/98(1)	2,000,000	2,192,220
	Lam Research Corp., 6% Cv. Sub. Debs., 5/1/03	2,925,000	3,175,000
	Medaphis Corp., 6.50% Cv. Sub. Debs., 1/1/00 (1)	2,000,000	2,290,000
	Physicians Clinical Laboratory, Inc., 7.50% Cv. Sub. Debs., 8/15/00(1)	3,000,000	3,225,000
	RHI Entertainment, Inc., 6.50% Cv. Sub. Debs., 6/1/03	3,250,000	3,591,250
	Solectron Corp., 0%, Liq. Yld. Opt. Sub. Nts., 5/5/12	4,101,600	6,990,000
	United Gaming, Inc., 7.50% Cv. Sub. Debs., 9/15/03 (1)	1,500,000	1,500,000
	Total Corporate Bonds and Notes (Cost \$18,993,211)		22,963,470
			Units
Rights, Warrants and Certificates --.0%			
	Tandon Computers Wts., Exp. 11/93*	1,091	--
	Windmere Corp. Wts., Exp. 1/98*	238	--
	Xoma Corp. Wts., Exp. 6/95*	6,914	3,457
	Total Rights, Warrants and Certificates (Cost \$1,729)		3,457
			Shares
Common Stocks --88.0%			
Basic Materials -- 1.1%			
Chemicals-Specialty -- .7%	BAREFOOT, INC.*	140,000	3,885,000
Metals-Miscellaneous -- .4%	Custom Chrome, Inc.*	100,000	2,312,500
Consumer Cyclical -- 30.5%			
Auto Parts -	Bailey Corp.*	120,000	1,545,000
After Market -- 1.2%	O'Reilly Automotive, Inc.*	120,000	2,790,000
	Stant Corp.*	150,000	2,662,500
			6,997,500
Broadcast Media -- 1.3%	All American Communications, Inc.*	114,000	1,083,000
	EZ Communications, Inc.*	160,000	2,880,000
	RHI Entertainment, Inc.*	85,500	1,506,937
	Spectravison, Inc.*	200,000	2,250,000
			7,719,937
Entertainment -- 5.4%			
	Autotote Corp., Cl. A*	60,000	2,790,000
	Boomtown, Inc.*	118,500	2,725,500
	Evergreen Media Corp., Cl. A*	71,000	1,579,750
	Hollywood Park, Inc.*	120,000	3,930,000
	Jackpot Enterprises, Inc.	132,880	2,109,470
	Monarch Casino & Resort, Inc.*	260,000	1,917,500
	Players International, Inc.*	210,000	4,830,000
	President Riverboat Casinos, Inc.*	70,500	3,128,438
	Primadonna Resorts, Inc.	40,000	1,400,000
	RIO HOTEL & CASINO, INC.*	120,000	2,205,000
			Market Value See Note 1
Entertainment (continued)			
	Samuel Goldwyn Co.*	100,000	\$ 1,312,500
	WMS Industries, Inc.*	150,000	4,031,250
			31,959,408
Homebuilding -- .7%	Redman Industries, Inc.*	78,000	1,238,250
	Schuler Homes, Inc.*	120,000	2,880,000
			4,118,250
Hotels/Motels -- .6%	Hospitality Franchise Systems, Inc.*	80,000	3,710,000
Household Furnishings	Berjaya Singar Bhd	1,500,000	3,211,046

and Appliances -- 1.5%	Rhodes, Inc.* Semi-Tech Ltd.	182,000 1,494,557	2,684,500 2,782,656 8,678,202
Leisure Time -- 1.5%	Bally Gaming International, Inc.* Funco, Inc.* Showboat, Inc. Sodak Gaming, Inc.* Swing-N-Slide Corp.*	135,000 118,000 100,000 45,000 56,000	2,649,375 1,888,000 2,050,000 1,406,250 560,000 8,553,625
Publishing -- .7%	Marvel Entertainment Group, Inc.*	90,000	3,982,500
Restaurants -- 4.2%	Applebee's International, Inc. Apple South, Inc. DF & R Restaurants, Inc.* Hamburger Hamlet Restaurants, Inc.* Landry's Seafood Restaurants, Inc.* Marcus Corp. (The) Outback Steakhouse, Inc.*	200,000 435,000 95,000 28,000 100,000 110,000 120,000	4,450,000 8,700,000 2,042,500 210,000 2,025,000 2,777,500 4,410,000 24,615,000
Retail Stores - General Merchandise Chains -- 1.6%	Damark International, Inc.* Stein Mart, Inc.* Value City Department Stores, Inc.*	215,000 157,500 100,000	3,708,750 3,701,250 1,662,500 9,072,500
Retail - Specialty -- 8.0%	Barnes & Noble, Inc.* Bed Bath & Beyond, Inc.* CML Group, Inc. Discount Auto Parts, Inc.* General Nutrition Cos., Inc.* Insurance Auto Auctions, Inc.* Michaels Stores, Inc.* Musicaland Stores Corp.* Nu-Kote Holding, Inc., Cl. A* PetsMart, Inc.*	51,000 160,000 300,000 90,000 135,000 147,500 76,500 170,900 130,000 80,000	1,421,625 5,200,000 8,662,500 2,126,250 6,682,500 5,678,750 2,677,500 3,054,838 2,405,000 2,820,000
Retail - Specialty (continued)	Rex Stores Corp.* Smart & Final, Inc.	230,000 109,500	\$ 5,146,250 1,519,312 47,394,525
Shoes -- 1.0%	Baker (J.), Inc.	300,000	6,112,500
Textiles - Apparel Manufacturers -- 2.8%	Authentic Fitness Corp.* Chic by H.I.S., Inc.* Mohawk Industries, Inc.* Nautica Enterprises, Inc.* Phillips-Van Heusen Corp.	100,000 141,200 120,000 145,000 140,000	2,725,000 1,341,400 3,660,000 4,060,000 4,497,500 16,283,900
Consumer Non-Cyclicals -- 13.6%			
Drugs -- 3.1%	Copley Pharmaceutical, Inc.* Ethical Holdings Ltd., ADR* LifeQuest Medical, Inc.(2)* Nature's Bounty, Inc.* Perrigo Co.*	105,000 320,000 200,000 272,500 109,000	4,856,250 3,040,000 2,300,000 4,836,875 3,379,000 18,412,125
Food Processing -- .4%	Santilippo (John B.) & Son, Inc.*	150,000	2,512,500
Healthcare - Diversified -- .4%	Value Health, Inc.*	75,000	2,568,750
Healthcare - Miscellaneous -- 5.9%	EMPI, Inc.* Genentech, Inc.* Genesis Health Ventures, Inc.* Genetic Therapy, Inc.* Gilead Sciences, Inc.* Health Care and Retirement Corp.* Intergroup Healthcare Corp.* Noven Pharmaceuticals, Inc.* PerSeptive Technology Corp. Units (1)* PerSeptive Biosystems, Inc.* Rural/Metro Corp.* SciClone Pharmaceuticals, Inc.* Universal Standard Medical Laboratories, Inc.*	146,100 50,000 125,000 130,000 200,000 300,000 90,000 140,000 1,000 71,300 100,000 137,000 160,000	4,328,212 2,143,750 2,312,500 2,372,500 2,900,000 5,775,000 3,217,500 1,662,500 1,218,100 1,568,600 1,700,000 2,534,500 2,320,000 34,053,162
Hospital	American Medical Response*	100,000	2,587,500

Management -- 1.7%	Clinicorp, Inc.*	50,000	150,000
	Clinicorp, Inc.(1)*	450,000	1,100,250
	Lincare Holdings, Inc.*	100,000	3,825,000
	Medaphis Corp.*	80,000	2,120,000
		9,782,750	

		Market Value	
		Shares	See Note 1
Medical Products -- 2.1%	Applied Immune Sciences, Inc.*	60,000	\$ 840,000
	MARQUETTE ELECTRONICS, INC., Cl. A*	130,000	2,047,500
	OrthoLogic Corp.*	75,000	262,500
	Ventritex, Inc.*	150,000	5,475,000
	Zoll Medical Corp.*	100,000	3,625,000
			12,250,000
Energy -- 4.2%			
Oil - Exploration and Production -- .4%	Tipperary Corp.*	300,000	2,062,500
Oil and Gas Drilling -- 3.6%	Alexander Energy Corp.*	312,500	2,109,375
	Clayton Williams Energy, Inc.*	150,000	2,437,500
	Cross Timbers Oil Co.	160,000	2,780,000
	International Colin Energy Corp.	78,200	1,231,650
	Nabors Industries, Inc.*	500,000	4,687,500
	Noble Drilling Corp.*	150,000	1,368,750
	St. Mary Land & Exploration Co.	250,000	3,437,500
	Stone Energy Corp.*	200,000	3,050,000
			21,102,275
Oil Well Services and Equipment -- .2%	Weatherford International, Inc.*	100,000	1,250,000
Financial -- 11.8%			
Financial Services -	American Residential Holding Corp.*	115,000	2,328,750
Miscellaneous -- 7.3%	BHC Financial, Inc.	137,000	5,394,375
	CMAC Investment Corp.	100,000	3,287,500
	First USA, Inc.	111,600	7,449,300
	Foothill Group, Inc. (The), Cl. A	350,000	4,637,500
	Green Tree Financial Corp.	189,600	10,238,400
	Mutual Risk Management Ltd.	35,800	1,557,300
	North American Mortgage Co.	66,000	2,128,500
	Olympic Financial Ltd.*	400,000	2,350,000
	Servicios Financieros Quadrun SA, ADR*	200,000	3,575,000
			42,946,625
Insurance -	CCP Insurance, Inc.	250,000	7,812,500
Multi-Line -- 2.0%	EXEL Ltd.	80,000	3,690,000
			11,502,500
Insurance - Property and Casualty -- 1.8%	ACE Ltd.	90,000	2,981,250
	HCC Insurance Holdings, Inc.*	60,000	1,920,000
	Mid Ocean Ltd.*	160,500	5,477,062
			10,378,312
Major Banks -	Cullen Frost Bankers, Inc.*	50,000	1,812,500
Regional -- .3%			
Statement of Investments (continued)			
		Shares	Market Value
Common Stocks (continued)			See Note 1
Financial (continued)			
Savings and Loans/Holding Cos. -- .4%	Metropolitan Bancorp*	150,000	\$ 2,362,500
Industrial -- 2.9%			
Commercial Services -- .9%	Education Alternatives, Inc.*	90,000	3,240,000
	Starsight Telecast, Inc.*	100,000	2,100,000
			5,340,000
Electrical	AER Energy Resources, Inc.*	268,000	2,278,000
Equipment -- 1.1%	Kent Electronics Corp.*	114,000	2,949,750
	Megatest Corp.*	60,000	1,095,000
			6,322,750
Manufacturing - Diversified	Johnstown America Industries, Inc.*	50,000	1,150,000

Industrials -- .5%	Stewart & Stevenson Services, Inc.	42,000	1,963,500
			3,113,500
Pollution Control -- .2%	Kaiser Steel Resources, Inc.	80,000	1,180,000
Transportation - Miscellaneous -- .2%	Fritz Cos., Inc.*	45,000	1,316,250
Technology -- 22.3%			
Computer Software and Services -- 18.7%	Acxiom Corp.*	200,000	4,350,000
	America Online, Inc.*	50,000	2,850,000
	Catalina Marketing Corp.*	24,000	1,059,000
	Cheyenne Software, Inc.*	80,000	2,710,000
	Compuware Corp.*	175,000	3,806,250
	Cornerstone Imaging, Inc.*	142,000	2,059,000
	CUC International, Inc.*	170,000	6,077,500
	Davidson & Associates, Inc.*	121,000	2,253,625
	Electronic Arts, Inc.*	160,000	5,480,000
	EMC Corp.*	290,000	10,222,500
	Fourth Shift Corp.*	152,000	950,000
	GTECH Holdings Corp.*	88,000	3,168,000
	HBO & Co.	150,000	5,550,000
	Information Resources, Inc.*	100,000	3,925,000
	Interling Software Corp.*	195,000	1,657,500
	NetManage, Inc.*	77,500	2,073,125
	OCTUS, Inc., Units (2)*	270,000	2,565,000
	Oracle Systems Corp.*	100,000	6,137,500
	Pairgain Technologies, Inc.*	126,800	2,599,400
	Progress Software Corp.*	40,000	2,260,000
	Pyxis Corp.*	140,000	7,770,000
	QuickResponse Services, Inc.*	95,900	2,685,200
	SPS Transaction Services, Inc.*	90,000	5,220,000
		Shares	See Note 1
Common Stocks (continued)			
Technology (continued)			
Computer Software and Services (continued)	SPSS, Inc.(2)*	300,000	\$ 2,400,000
	Sapiens International Corp.*	100,000	2,575,000
	Softimage, Inc.*	84,000	1,543,500
	Software Spectrum, Inc.*	60,000	1,530,000
	Sybase, Inc.*	70,000	4,690,000
	Symantec Corp.*	250,000	4,843,750
	U.S. Robotics, Inc.*	50,000	1,700,000
	Wind River Systems*	72,000	828,000
	Zebra Technologies Corp., Cl. A*	60,000	2,670,000
			110,208,850
Computer Systems -- 1.4%	BancTec, Inc.*	180,000	3,712,500
	Cisco Systems, Inc.*	70,000	3,500,000
	Computer Network Technology Corp.*	130,000	1,056,250
			8,268,750
Electronics - Instrumentation -- .4%	Aseco Corp.*	101,000	1,212,000
	IEC Electronics Corp.*	75,000	900,000
			2,112,000
Electronics - Semiconducters -- .3%	Mrs Technology, Inc.*	162,900	2,036,250
Office Equipment and Supplies -- .3%	Supernac Technology, Inc.*	120,000	1,800,000
Telecommunications -- 1.2%	Cencall Communications Corp.*	50,000	1,500,000
	Intertel Communications, Inc.(1)*	150,000	2,162,067
	LCI International, Inc.*	65,000	2,307,500
	WCT Communications, Inc.*	175,000	1,312,500
			7,282,067
Utilities -- 1.6%			
Electric Companies -- .4%	Philadelphia Consolidated Holding Co.*	200,000	2,575,000
Natural Gas -- .3%	Eastex Energy, Inc.*	240,000	1,530,000
Telephone (new) -- .9%	Peoples Telephone Co., Inc.*	427,500	5,343,750
	Total Common Stocks (Cost \$350,027,507)		516,821,013

Statement of Investments (continued)

Market Value
See Note 1

Total Investments, at Value (Cost \$421,522,447)	100.9%	\$592,287,940
Liabilities in Excess of Other Assets	(.9)	(5,230,945)
Net Assets	100.0%	\$587,056,995

<FN>

* Non-income producing security

(1) Restricted security -- See Note 6 of notes to financial statements.

(2) Affiliated company. Represents ownership of at least 5% of the voting securities of the issuer and is or was an affiliate, as defined in the Investment Company Act of 1940, at or during the year ended September 30, 1993. The aggregate fair value of all securities of affiliated companies as of September 30, 1993 amounted to \$7,265,000. Transactions during the period in which the issuer was an affiliate are as follows:

</TABLE>

<TABLE>
<CAPTION>

	Balance September 30, 1992		Gross Additions		Gross Reductions		Balance September 30, 1993	
	Shares	Cost	Shares	Cost	Shares	Cost	Shares	Cost
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Alexander Energy Corp.	--	\$ --	230,000	\$ 1,074,629	230,000	\$1,074,629	--	\$ --
Celebrity, Inc.	--	--	300,000	3,861,408	300,000	3,861,408	--	--
CITATION Computer Systems, Inc.	--	--	200,000	1,426,990	200,000	1,426,990	--	--
LifeQuest Medical, Inc.	200,000	2,011,250	--	--	--	--	200,000	2,011,250
OCTUS, Inc., Units	--	--	300,000	1,925,000	30,000	259,688	270,000	1,665,312
SPSS, Inc.	--	--	300,000	2,400,000	--	--	300,000	2,400,000
		\$2,011,250		\$10,688,027		\$6,622,715		\$6,076,562

</TABLE>

See accompanying notes to financial statements.

Statement of Assets and Liabilities September 30, 1993

<TABLE>

<S>	<C>	<C>
Assets	Investments, at value (cost \$421,522,447) -- see accompanying statement	\$592,287,940
	Cash	2,586,201
	Receivables:	
	Investments sold	9,607,358
	Shares of beneficial interest sold	1,513,972
	Dividends and interest	1,136,064
	Other	32,622
	Total assets	607,164,157
Liabilities	Payables and other liabilities:	
	Investments purchased	16,147,763
	Shares of beneficial interest redeemed	3,303,350
	Distribution assistance --Note 5	320,085
	Other	335,964
	Total liabilities	20,107,162
Net Assets		\$587,056,995
Composition of Net Assets	Paid-in capital	\$405,790,736
	Accumulated net investment loss	(3,803,286)
	Accumulated net realized gain from investment and written option transactions	14,304,052
	Net unrealized appreciation of investments -- Note 3	170,765,493
	Net Assets -- Applicable to 14,713,109 shares of beneficial interest outstanding	\$587,056,995

Net Asset Value and Redemption Price Per Share \$39.90

Maximum Offering Price Per Share (net asset value plus sales charge of 5.75% of offering price) \$42.33

</TABLE>

See accompanying notes to financial statements.

Statement of Operations For the Year Ended September 30, 1993

<TABLE>

<S>	<C>	<C>
Investment Income	Interest	\$ 1,719,202
	Dividends	1,608,334
	Total income	3,327,536
Expenses	Management fees - Note 5	3,286,982
	Distribution assistance - Note 5	1,084,511
	Transfer and shareholder servicing agent fees - Note 5	951,511
	Shareholder reports	228,470
	Trustees' fees and expenses	52,411
	Registration and filing fees	43,851
	Legal and auditing fees	38,627
	Other	53,560
	Total expenses	5,739,923
Net Investment Loss		(2,412,387)
Realized and Unrealized Gain (Loss) on Investments and Options Written	Net realized gain (loss) on investments:	
	Unaffiliated companies	21,149,991
	Affiliated companies	(1,630,839)
	Net realized gain on closing of option contracts written - Note 4	132,200
	Net realized gain	19,651,352
	Net change in unrealized appreciation of investments:	
	Beginning of year	30,301,040
	End of year - Note 3	170,765,493
	Net change	140,464,453
	Net Realized and Unrealized Gain on Investments and Options Written	160,115,805
Net Increase in Net Assets Resulting from Operations		\$157,703,418

</TABLE>

See accompanying notes to financial statements.

Statements of Changes in Net Assets

<TABLE>

<CAPTION>

		Year Ended September 30,	
		1993	1992
<S>	<C>	<C>	<C>
Operations	Net investment loss	\$ (2,412,387)	\$ (1,351,604)
	Net realized gain on investments and options written	19,651,352	130,429
	Net change in unrealized appreciation or depreciation of investments and options written	140,464,453	6,482,262
	Net increase in net assets resulting from operations	157,703,418	5,261,087
Distributions to Shareholders	Distributions from net realized gain on investments and options written (\$1.29 per share)	--	(6,676,754)
Beneficial Interest Transactions	Net increase in net assets resulting from beneficial interest transactions - Note 2	135,344,010	178,315,081
Net Assets	Total increase	293,047,428	176,899,414
	Beginning of year	294,009,567	117,110,153
	End of year (including accumulated net investment losses of \$3,803,286 and \$1,390,899, respectively)	\$587,056,995	\$294,009,567

</TABLE>

See accompanying notes to financial statements.

Financial Highlights

<TABLE>

<CAPTION>

	Year Ended September 30,							
	1993	1992+	1991	1990	1989	1988	1987	1986++
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Data:								
Net asset value, beginning of period	\$ 27.62	\$ 26.03	\$ 17.97	\$ 24.51	\$ 17.62	\$ 21.49	\$ 14.21	\$14.29
Income (loss) from investment operations:								
Net investment income (loss)	(.13)	(.17)	.06	.16	.29	.14	.02	.02
Net realized and unrealized gain (loss)								

on investments and options written	12.41	3.05	8.87	(4.84)	6.74	(1.98)	7.28	(.10)
Total income (loss) from investment operations	12.28	2.88	8.93	(4.68)	7.03	(1.84)	7.30	(.08)
Dividends and distributions to shareholders:								
Dividends from net investment income	--	--	(.19)	(.30)	(.14)	(.05)	(.02)	--
Distributions from net realized gain on investments and options written	--	(1.29)	(.68)	(1.56)	--	(1.98)	--	--
Total dividends and distributions to shareholders	--	(1.29)	(.87)	(1.86)	(.14)	(2.03)	(.02)	--
Net asset value, end of period	\$ 39.90	\$ 27.62	\$ 26.03	\$ 17.97	\$ 24.51	\$ 17.62	\$ 21.49	\$14.21
Total Return, at Net Asset Value**	44.46%	11.28%	51.88%	(20.34)%	40.23%	(7.11)%	51.08%	(.56)%
Ratios/Supplemental Data:								
Net assets, end of period (in thousands)	\$587,057	\$294,010	\$117,110	\$50,357	\$53,793	\$33,361	\$35,834	\$1,353
Average net assets (in thousands)	\$451,016	\$218,065	\$ 75,083	\$54,454	\$40,641	\$32,089	\$21,439	\$1,173
Number of shares outstanding at end of period (in thousands)	14,713	10,647	4,499	2,802	2,195	1,894	1,667	95
Ratios to average net assets:								
Net investment income (loss) Expenses	(.54)% 1.27 %	(.62)% 1.52 %	.22% 1.42%	.83% 1.53%	1.52% 1.46%	.80% 1.52%	.19% 1.74%	3.55%* 1.50%*
Portfolio turnover rate***	85.2 %	67.9 %	158.1%	234.6%	132.0%	169.0%	145.4%	0.0%

<FN>

*Annualized.

**Assumes a hypothetical initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Sales charges are not reflected in the total returns.

***The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation. Purchases and sales of investment securities (excluding short-term securities) for the year ended September 30, 1993 were \$478,940,105 and \$354,427,899, respectively.

+Per share amounts calculated based on the weighted average number of shares outstanding during the year.

++For the period from September 11, 1986 (commencement of operations) to September 30, 1986.

</TABLE>

See accompanying notes to financial statements.

Notes to Financial Statements

1. Significant Accounting Policies

Oppenheimer Discovery Fund (the Fund) is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company. The Fund's investment adviser is Oppenheimer Management Corporation (the Manager). The following is a summary of significant accounting policies consistently followed by the Fund.

Investment Valuation -- Portfolio securities are valued at 4:00 p.m. (New York time) on each trading day. Listed and unlisted securities for which such information is regularly reported are valued at the last sale price of the day or, in the absence of sales, at values based on the closing bid or asked price or the last sale price on the prior trading day. Long-term debt securities are valued by a portfolio pricing service approved by the Board of Trustees. Long-term debt securities which cannot be valued by the approved portfolio pricing service are valued by averaging the mean

between the bid and asked prices obtained from two active market makers in such securities. Short-term debt securities having a remaining maturity of 60 days or less are valued at cost (or last determined market value) adjusted for amortization to maturity of any premium or discount. Securities for which market quotes are not readily available are valued under procedures established by the Board of Trustees to determine fair value in good faith. A call option is valued based upon the last sales price on the principal exchange on which the option is traded or, in the absence of any transactions that day, the value is based upon the last sale on the prior trading date if it is within the spread between the closing bid and asked prices. If the last sale price is outside the spread, the closing bid or asked price closest to the last reported sale price is used.

Repurchase Agreements -- The Fund requires the custodian to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian's vault, all securities held as collateral for repurchase agreements. If the seller of the agreement defaults and the value of the collateral declines, or if the seller enters an insolvency proceeding, realization of the value of the collateral by the Fund may be delayed or limited.

Call Options Written -- The Fund may write covered call options. When an option is written, the Fund receives a premium and becomes obligated to sell the underlying security at a fixed price, upon exercise of the option. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of an option written by the Fund could result in the Fund selling a security at a price different from the current market value. All securities covering call options written are held in escrow by the custodian bank.

Federal Income Taxes -- The Fund intends to continue to comply with provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income, including any net realized gain on investments not offset by loss carryovers, to shareholders. Therefore, no federal income tax provision is required. At September 30, 1993, the Fund had available for federal income tax purposes an unused capital loss carryover of approximately \$1,943,000 expiring in 1995, the usage of which is subject to certain limitations.

Trustees' Fees and Expenses -- The Fund has adopted a nonfunded retirement plan for the Fund's independent trustees. Benefits are based on years of service and fees paid to each trustee during the years of service. During the year ended September 30, 1993, a provision of \$18,386 was made for the Fund's projected benefit obligations, resulting in an accumulated liability of \$117,741 at September 30, 1993. No payments have been made under the plan.

Distributions to Shareholders -- Dividends and distributions to shareholders are recorded on the ex-dividend date.

Notes to Financial Statements (continued)

Other -- Investment transactions are accounted for on the date the investments are purchased or sold (trade date) and dividend income is recorded on the ex-dividend date. Discount on securities purchased is amortized over the life of the respective securities, in accordance with federal income tax requirements. Realized gains and losses on investments and unrealized appreciation and depreciation are determined on an identified cost basis, which is the same basis used for federal income tax purposes.

2. Shares of Beneficial Interest

The Fund has authorized an unlimited number of no par value shares of beneficial interest. Transactions in shares of beneficial interest were as follows:

<TABLE>
<CAPTION>

	Year Ended September 30, 1993		Year Ended September 30, 1992	
	Shares	Amount	Shares	Amount
<S>	<C>	<C>	<C>	<C>
Sold	10,406,503	\$ 349,688,611	9,744,248	\$ 280,162,474
Distributions reinvested	--	--	238,690	6,317,605
Redeemed	(6,339,986)	(214,344,601)	(3,834,940)	(108,164,998)
Net increase	4,066,517	\$ 135,344,010	6,147,998	\$ 178,315,081

</TABLE>

3. Unrealized Gains and Losses on Investments

At September 30, 1993, net unrealized appreciation of investments of \$170,765,493 was composed of gross appreciation of \$177,329,935, and gross depreciation of \$6,564,442.

4. Call Option Activity

Call option activity for the year ended September 30, 1993 was as follows:

<TABLE>

<CAPTION>

	Number of Options <C>	Amount of Premiums <C>
<S>		
Options outstanding at September 30, 1992	--	\$ --
Options written	779	252,939
Options cancelled in closing purchase transactions	(779)	(252,939)
Options outstanding at September 30, 1993	--	\$ --

</TABLE>

The cost of cancelling options in closing purchase transactions was \$120,739, resulting in a net short-term capital gain of \$132,200.

5. Management Fees and Other Transactions With Affiliates

Management fees paid to the Manager were in accordance with the investment advisory agreement with the Fund which provides for an annual fee of .75% on the first \$200 million of net assets with a reduction of .03% on each \$200 million thereafter to \$800 million, and .60% on net assets in excess of \$800 million. The Manager has agreed to reimburse the Fund if aggregate expenses (with specified exceptions) exceed the most stringent applicable regulatory limit on Fund expenses.

For the year ended September 30, 1993, commissions (sales charges paid by investors) on sales of Fund shares totaled \$6,534,429, of which \$1,751,688 was retained by Oppenheimer Funds Distributor, Inc. (OFDI), a subsidiary of the Manager, as general distributor, and by an affiliated broker-dealer.

Oppenheimer Shareholder Services (OSS), a division of the Manager, is the transfer and shareholder servicing agent for the Fund, and for other registered investment companies. OSS's total costs of providing such services are allocated ratably to these companies.

Under an approved plan of distribution, the Fund may expend up to .25% of its net assets annually to reimburse OFDI for costs incurred in distributing shares of the Fund, including amounts paid to brokers and dealers. During the year ended September 30, 1993, OFDI paid \$51,898 to an affiliated broker-dealer as reimbursement for distribution-related expenses.

6. Restricted Securities

The Fund owns securities purchased in private placement transactions, without registration under the Securities Act of 1933 (the Act). The securities are valued under methods approved by the Board of Trustees as reflecting fair value. The Fund intends to invest no more than 10% of its net assets (determined at the time of purchase) in restricted and illiquid securities, excluding securities eligible for resale pursuant to Rule 144A of the Act that are determined to be liquid by the Board of Trustees or by the Manager under Board-approved guidelines. Restricted and illiquid securities amount to \$6,672,637, or 1.14% of the Fund's net assets, at September 30, 1993.

<TABLE>

<CAPTION>

Security	Acquisition Date	Cost Per Unit	Valuation Per Unit as of September 30, 1993
<S>	<C>	<C>	<C>
Clinicorp, Inc.	3/23/93	\$ 5.50	\$ 2.45
IntelCom Group, Inc., 8% Cv. Sub. Debs., 9/24/98	9/24/93	\$ 100.00	\$ 109.61
Intertel Communications, Inc.	6/9/93	\$ 5.50	\$ 14.41
Medaphis Corp., 6.50% Cv. Sub. Debs., 1/1/00+	12/22/92	\$ 100.00	\$ 114.50
Perceptive Technology Corp.	12/16/92	\$1,000.00	\$1,218.10
Physicians Clinical Laboratory, Inc., 7.50% Cv. Sub. Debs., 8/15/00+	8/17/93	\$ 100.00	\$ 107.50
United Gaming, Inc., 7.50% Cv. Sub. Debs., 9/15/03+	9/14/93	\$ 100.00	\$ 100.00

<FN>

+Transferable under Rule 144A of the Act.

</TABLE>

Investment Adviser
Oppenheimer Management Corporation
Two World Trade Center
New York, New York 10048-0203

Distributor
Oppenheimer Funds Distributor, Inc.
Two World Trade Center
New York, New York 10048-0203

Transfer Agent
Oppenheimer Shareholder Services
P.O. Box 5270
Denver, Colorado 80217
1-800-525-7048

Custodian of Portfolio Securities
The Bank of New York
48 Wall Street
New York, New York 10286

Independent Auditors
KPMG Peat Marwick
707 Seventeenth Street
Denver, Colorado 80202

Legal Counsel
Gordon Altman Butowsky Weitzen
Shalov & Wein
114 West 47th Street
New York, New York 10036

OPPENHEIMER DISCOVERY FUND

FORM N-1A
PART C

OTHER INFORMATION

- Item 24. Financial Statements and Exhibits
- (a) Financial Statements:
- (1) Financial Highlights (see Part A): Filed herewith.
 - (2) Independent Auditors' Report (see Part B): Filed herewith.
 - (3) Statement of Investments (see Part B): Filed herewith.
 - (4) Statement of Assets and Liabilities (see Part B): Filed herewith.
 - (5) Statement of Operations (see Part B): Filed herewith.
 - (6) Statement of Changes in Net Assets (see Part B): Filed herewith.
 - (7) Notes to Financial Statements (see Part B): Filed herewith.
 - (8) Independent Auditors' Consent: Filed herewith.
- (b) Exhibits:

Exhibit Number	Description
----------------	-------------

- | | |
|-----|---|
| (1) | Amended and Restated Declaration of Trust made as of June 1, 1992 - |
|-----|---|

Filed with Registrant's Post-Effective Amendment No. 10, 12/3/92, and incorporated herein by reference.

(2) By-Laws amended as of 6/1/92: Filed with Registrant's Post-Effective Amendment No. 12, 11/22/93, and incorporated herein by reference.

(3) Inapplicable.

(4) Specimen Share Certificate: Filed with Registrant's Post-Effective Amendment No. 12, 11/22/93, and incorporated herein by reference.

(5) Investment Advisory Agreement dated June 1, 1992 - Filed with Registrant's Post-Effective Amendment No. 10, 12/3/92, and incorporated herein by reference.

(6) (i) General Distributor's Agreement dated December 10, 1992 - Filed with Registrant's Post-Effective Amendment No. 11, 1/28/93, and incorporated herein by reference.

(ii) Prototype Oppenheimer Fund Management, Inc. Dealer Agreement: Filed with Post-Effective Amendment No. 12 of Oppenheimer Government Securities Fund (Reg. No. 33-02769), 12/2/92, and incorporated herein by reference.

(iii) Prototype Oppenheimer Fund Management, Inc. Broker Agreement: Filed with Post-Effective Amendment No. 12 of Oppenheimer Government Securities Fund (Reg. No. 33-02769), 12/2/92, and incorporated by reference.

(iv) Prototype Oppenheimer Fund Management, Inc. Agency Agreement: Filed with Post-Effective Amendment No. 12 of Oppenheimer Government Securities Fund (Reg. No. 33-02769), 12/21/92, and incorporated herein by reference.

(v) Broker Agreement between Oppenheimer Fund Management, Inc. and Newbridge Securities, Inc. dated 10/1/86: Filed with Post-Effective Amendment No. 25 of Oppenheimer Special Fund (Reg. No. 2-45272), 11/1/86, and incorporated herein by reference.

(7) Retirement Plan for Non-Interested Trustees, June 7, 1990. Filed with Post-Effective Amendment No. 34 to the Registration Statement of Oppenheimer Special Fund (File No. 2-45272) August 31, 1990, and incorporated herein by reference.

(8) Custody Agreement dated 6/10/92 - Filed with Registrant's Post-Effective Amendment No. 10, 12/3/92, and incorporated herein by reference.

(9) Inapplicable.

(10) Opinion and Consent of Counsel dated 8/1/86: Filed with Registrant's Post-Effective Amendment No. 3, 1/27/88, and incorporated herein by reference.

(11) Inapplicable.

(12) Inapplicable.

(13) Investment Letter from Oppenheimer Management Corporation to Registrant dated 8/15/86: Filed with Registrant's Post-Effective Amendment No. 5, 12/1/89, and incorporated herein by reference.

(14) (i) Form of Individual Retirement Account Trust Agreement: Filed with Post-Effective Amendment No. 21 of Oppenheimer U.S. Government Trust (Reg. No. 2-76645), 8/25/93, and incorporated herein by reference.

(ii) Form of Tax-Sheltered Retirement Plan and Custody Agreement for employees of public schools and tax-exempt organizations: Filed with Post-Effective Amendment No. 22 of Oppenheimer Directors Fund (File No. 2-62240), 2/1/90, and incorporated herein by reference.

(iii) Form of standardized and non-standardized Profit-Sharing Plan and Money Purchase Pension Plan: Filed with Post-Effective Amendment No. 3 of Oppenheimer Global Growth & Income Fund (Reg. No. 33-33799), and incorporated herein by reference.

(iv) Form of Simplified Employee Pension IRA: Filed with Post-Effective Amendment No. 36 of Oppenheimer Equity Income Fund (Reg. No. 2-33043), 10/23/91, and incorporated herein by reference.

(15) Service Plan and Agreement dated 6/10/93 under Rule 12b-1 of the Investment Company Act of 1940 - Filed herewith.

(16) Performance Calculations - Filed herewith.

- -- Powers of Attorney - Filed with Registrant's Post-Effective Amendment No. 12, 11/22/93, and incorporated herein by reference.

ITEM 25. Persons Controlled by or under Common Control with Registrant

None

ITEM 26. Number of Holders of Securities

Title of Class -----	Number of Record Holders as of December 31, 1993 -----
Shares of Beneficial Interest	75,609

ITEM 27. Indemnification

Reference is made to parts (c) through (g) of Section 7(c) of Article SEVENTH of Registrant's Declaration of Trust.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to trustees, officers and controlling persons of Registrant pursuant to the foregoing provisions or otherwise, Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by Registrant of expenses incurred or paid by a trustee, officer or controlling person of Registrant in the successful defense of any action, suit or proceeding) is asserted by such trustee, officer or controlling person, Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

ITEM 28 Business and Other Connections of Investment Adviser

- (a) Oppenheimer Management Corporation is the investment adviser of the Registrant; it and certain subsidiaries and affiliates act in the same capacity to other registered investment companies as described in Parts A and B hereto.
- (b) For information as to the business, profession, vocation or employment of a substantial nature of each of the directors and principal executive officers of Oppenheimer Management Corporation, reference is made to Part B of this Registration Statement and to the registration on Form ADV filed by Oppenheimer Management Corporation under the Investment Advisers Act of 1940, which is incorporated herein by reference.

ITEM 29. Principal Underwriter

- (a) Oppenheimer Funds Distributor, Inc. is the Distributor of Registrant's shares. It is also the general distributor of certain of the other open-end investment companies for which Oppenheimer Management Corporation is the investment adviser, as described in Parts A and B of this Registration Statement.
- (b) The information contained in the registration on Form BD of Oppenheimer Funds Distributor, Inc., filed under the Securities Exchange Act of 1934, is incorporated herein by reference.
- (c) Inapplicable.

ITEM 30. Location of Accounts and Records

The accounts, books and other documents required to be maintained

by Registrant pursuant to Section 31(a) of the Investment Company Act and rules promulgated thereunder are in possession of Oppenheimer Management Corporation at its offices at 3410 South Galena Street, Denver, Colorado 80231.

ITEM 31. Management Services

Inapplicable.

ITEM 32. Undertakings

(a) Inapplicable.

(b) Inapplicable.

(c) Inapplicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and/or the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York on the 4th day of January, 1994.

OPPENHEIMER DISCOVERY FUND

By: /s/ Donald W. Spiro*

Donald W. Spiro, President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

Signatures -----	Title -----	Date -----
/s/ Leon Levy* ----- Leon Levy	Chairman of the Board of Trustees	January 4, 1994
/s/ Donald W. Spiro* ----- Donald W. Spiro	President, Principal Executive Officer and Trustee	January 4, 1994
/s/ George C. Bowen* ----- George C. Bowen	Treasurer	January 4, 1994
/s/ Leo Cherne* ----- Leo Cherne	Trustee	January 4, 1994
/s/ Edmund T. Delaney* ----- Edmund T. Delaney	Trustee	January 4, 1994
/s/ Benjamin Lipstein* ----- Benjamin Lipstein	Trustee	January 4, 1994
/s/ Kenneth A. Randall* ----- Kenneth A. Randall	Trustee	January 4, 1994
/s/ Sidney M. Robbins* ----- Sidney M. Robbins	Trustee	January 4, 1994
/s/ Russell S. Reynolds, Jr.* ----- Russell S. Reynolds, Jr.	Trustee	January 4, 1994
/s/ Pauline Trigere* -----	Trustee	January 4, 1994

Pauline Trigere

/s/ Elizabeth B. Moynihan* Trustee January 4, 1994

Elizabeth B. Moynihan

/s/ Clayton K. Yeutter* Trustee January 4, 1994

Clayton K. Yeutter

/s/ Edward V. Regan* Trustee January 4, 1994

Edward V. Regan

/s/ Robert G. Galli* Trustee January 4, 1994

Robert G. Galli

*By: /s/ Robert G. Zack

Robert G. Zack, Attorney-in-Fact

FORM N-1A

OPPENHEIMER DISCOVERY FUND

EXHIBIT INDEX

Item No.	Description
24(a) (8)	Independent Auditors' Consent
24(b) (15)	Service Plan and Agreement under Rule 12b-1 of the Investment Company Act of 1940, dated 6/10/93
24(b) (16)	Performance Calculations

Independent Auditors' Consent

The Board of Trustees
Oppenheimer Discovery Fund:

We consent to the use of our report dated October 21, 1993 included herein and to the reference to our firm under the heading "Condensed Financial Information" in the Prospectus.

KPMG Peat Marwick

Denver, Colorado
January 18, 1994

SERVICE PLAN AND AGREEMENT

BETWEEN

OPPENHEIMER DISCOVERY FUND AND

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

FOR CLASS A SHARES

SERVICE PLAN AND AGREEMENT dated the 10th day of June, 1993, by and between OPPENHEIMER DISCOVERY FUND (the "Fund") and OPPENHEIMER FUNDS DISTRIBUTOR, INC. (the "Distributor").

1. The Plan. This Plan is the Fund's written service plan for its Class A Shares described in the Fund's registration statement as of the date this Plan takes effect, contemplated by and to comply with Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, pursuant to which the Fund will reimburse the Distributor for a portion of its costs incurred in connection with the personal service and the maintenance of shareholder accounts ("Accounts") that hold Class A Shares (the "Shares") of such series and class of the Fund. The Fund may be deemed to be acting as distributor of securities of which it is the issuer, pursuant to Rule 12b-1 under the Investment Company Act of 1940 (the "1940 Act"), according to the terms of this Plan. The Distributor is authorized under the Plan to pay "Recipients," as hereinafter defined, for rendering services and for the maintenance of Accounts. Such Recipients are intended to have certain rights as third-party beneficiaries under this Plan.

2. Definitions. As used in this Plan, the following terms shall have the following meanings:

(a) "Recipient" shall mean any broker, dealer, bank or other financial institution which: (i) has rendered services in connection with the personal service and maintenance of Accounts; (ii) shall furnish the Distributor (on behalf of the Fund) with such information as the Distributor shall reasonably request to answer such questions as may arise concerning such service; and (iii) has been selected by the Distributor to receive payments under the Plan. Notwithstanding the foregoing, a majority of the Fund's Board of Trustees (the "Board") who are not "interested persons" (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of this Plan or in any agreements relating to this Plan (the "Independent Trustees") may remove any broker, dealer, bank or other institution as a Recipient, whereupon such entity's rights as a third party

beneficiary hereof shall terminate.

(b) "Qualified Holdings" shall mean, as to any Recipient, all Shares owned beneficially or of record by: (i) such Recipient, or (ii) such customers, clients and/or accounts as to which such Recipient is a fiduciary or custodian or co-fiduciary or co-custodian (collectively, the "Customers"), but in no event shall any such Shares be deemed owned by more than one Recipient for purposes of this Plan. In the event that two entities would otherwise qualify as Recipients as to the same Shares, the Recipient which is the dealer of record on the Fund's books shall be deemed the Recipient as to such Shares for purposes of this Plan.

3. Payments for Distribution Assistance.

(a) Under the Plan, the Fund will make payments to the Distributor, within forty-five (45) days of the end of each calendar quarter, in the amount of the lesser of: (i) .0625% (.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of the Shares computed as of the close of each business day, or (ii) the Distributor's actual expenses under the Plan for that quarter of the type approved by the Board. The Distributor will use such fee received from the Fund in its entirety to reimburse itself for payments to Recipients and for its other expenditures and costs of the type approved by the Board incurred in connection with the personal service and maintenance of Accounts including, but not limited to, the services described in the following paragraph. The Distributor may make Plan payments to any "affiliated person" (as defined in the 1940 Act) of the Distributor if such affiliated person qualifies as a Recipient.

The services to be rendered by the Distributor and Recipients in connection with the personal service and the maintenance of Accounts may include, but shall not be limited to, the following: answering routine inquiries from the Recipient's customers concerning the Fund, providing such customers with information on their investment in shares, assisting in the establishment and maintenance of accounts or sub-accounts in the Fund, making the Fund's investment plans and dividend payment options available, and providing such other information and customer liaison services and the maintenance of Accounts as the Distributor or the Fund may reasonably request. It may be presumed that a Recipient has provided services qualifying for compensation under the Plan if it has Qualified Holdings of Shares to entitle it to payments under the Plan. In the event that either the Distributor or the Board should have reason to believe that, notwithstanding the level of Qualified Holdings, a Recipient may not be rendering appropriate services, then the Distributor, at the request of the Board, shall require the Recipient to provide a written report or other information to verify that said Recipient is providing appropriate services in this regard. If the Distributor still is not satisfied, it may take appropriate steps to terminate the Recipient's

status as such under the Plan, whereupon such entity's rights as a third-party beneficiary hereunder shall terminate.

Payments received by the Distributor from the Fund under the Plan will not be used to pay any interest expense, carrying charge or other financial costs, or allocation of overhead of the Distributor, or for any other purpose other than for the payments described in this Section 3. The amount payable to the Distributor each quarter will be reduced to the extent that reimbursement payments otherwise permissible under the Plan have not been authorized by the Board of Trustees for that quarter. Any unreimbursed expenses incurred for any quarter by the Distributor may not be recovered in later periods.

(b) The Distributor shall make payments to any Recipient quarterly, within forty-five (45) days of the end of each calendar quarter, at a rate not to exceed .0625% (.25% on an annual basis) of the average during the calendar quarter of the aggregate net asset value of the Shares computed as of the close of each business day of Qualified Holdings (excluding Shares acquired in reorganizations with investment companies for which Oppenheimer Management Corporation or an affiliate acts as investment adviser and which have not adopted a distribution plan at the time of reorganization with the Fund). However, no such payments shall be made to any Recipient for any such quarter in which its Qualified Holdings do not equal or exceed, at the end of such quarter, the minimum amount ("Minimum Qualified Holdings"), if any, to be set from time to time by a majority of the Independent Trustees. A majority of the Independent Trustees may at any time or from time to time increase or decrease and thereafter adjust the rate of fees to be paid to the Distributor or to any Recipient, but not to exceed the rate set forth above, and/or increase or decrease the number of shares constituting Minimum Qualified Holdings. The Distributor shall notify all Recipients of the Minimum Qualified Holdings and the rate of payments hereunder applicable to Recipients, and shall provide each such Recipient with written notice within thirty (30) days after any change in these provisions. Inclusion of such provisions or a change in such provisions in a revised current prospectus shall be sufficient notice.

(c) Under the Plan, payments may be made to Recipients: (i) by Oppenheimer Management Corporation ("OMC") from its own resources (which may include profits derived from the advisory fee it receives from the Fund), or (ii) by the Distributor (a subsidiary of OMC), from its own resources.

4. Selection and Nomination of Trustees. While this Plan is in effect, the selection or replacement of Independent Trustees and the nomination of those persons to be Trustees of the Fund who are not "interested persons" of the Fund shall be committed to the discretion of the Independent Trustees. Nothing herein shall prevent the Independent Trustees from soliciting the views or the involvement of others in such selection or nomination if the final decision on any such selection and

nomination is approved by a majority of the incumbent Independent Trustees.

5. Reports. While this Plan is in effect, the Treasurer of the Fund shall provide at least quarterly a written report to the Fund's Board for its review, detailing the amount of all payments made pursuant to this Plan, the identity of the Recipient of each such payment, and the purposes for which the payments were made. The report shall state whether all provisions of Section 3 of this Plan have been complied with. The Distributor shall annually certify to the Board the amount of its total expenses incurred that year with respect to the personal service and maintenance of Accounts in conjunction with the Board's annual review of the continuation of the Plan.

6. Related Agreements. Any agreement related to this Plan shall be in writing and shall provide that: (i) such agreement may be terminated at any time, without payment of any penalty, by vote of a majority of the Independent Trustees or by a vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding Shares of the Class, on not more than sixty days written notice to any other party to the agreement; (ii) such agreement shall automatically terminate in the event of its "assignment" (as defined in the 1940 Act); (iii) it shall go into effect when approved by a vote of the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such agreement; and (iv) it shall, unless terminated as herein provided, continue in effect from year to year only so long as such continuance is specifically approved at least annually by the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance.

7. Effectiveness, Continuation, Termination and Amendment. This Plan has been approved by a vote of the Independent Trustees cast in person at a meeting called on June 10, 1993 for the purpose of voting on this Plan, and takes effect as of July 1, 1993. Unless terminated as hereinafter provided, it shall continue in effect until December 31, 1993 and from year to year thereafter or as the Board may otherwise determine only so long as such continuance is specifically approved at least annually by the Board and its Independent Trustees cast in person at a meeting called for the purpose of voting on such continuance. This Plan may be terminated at any time by vote of a majority of the Independent Trustees or by the vote of the holders of a "majority" (as defined in the 1940 Act) of the Fund's outstanding voting securities of the Class. This Plan may not be amended to increase materially the amount of payments to be made without approval of the Class A Shareholders, in the manner described above, and all material amendments must be approved by a vote of the Board and of the Independent Trustees.

8. Shareholder and Trustee Liability Disclaimer. The Distributor understands and agrees that the obligations of the Fund under this Plan are not binding upon any shareholder or Trustee of the Fund personally, but only the Fund and the Fund's property. The Distributor represents

that it has notice of the provisions of the Declaration of Trust of the Fund disclaiming shareholder and Trustee liability for acts or obligations of the Fund.

OPPENHEIMER DISCOVERY FUND

By: /s/ Robert G. Zack

Robert G. Zack, Assistant Secretary

OPPENHEIMER FUNDS DISTRIBUTOR, INC.

By: /s/ Katherine P. Feld

Katherine P. Feld, Vice President &
Secretary

Oppenheimer Discovery Fund
 Exhibit 24(b) (16) to Form N-1A
 Performance Data Computation Schedule

The Fund's average annual total returns and total returns are calculated as described below, on the basis of the Fund's distributions, which are as follows:

Distribution Reinvestment (Ex) Date -----	Amount From Investment Income -----	Amount From Long or Short-Term Capital Gains -----	Reinvestment Price -----
01/09/87	0.0200	0.0000	16.190
12/24/87	0.0500	1.9750	15.230
12/23/88	0.1430	0.0000	17.670
12/22/89	0.3000	1.5600	21.490
12/21/90	0.1900	0.6750	17.830
12/20/91	0.0000	1.2900	26.480

1. AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIODS ENDED 9/30/93:

The formula for calculating average annual total return is as follows:

$$\frac{1}{\text{number of years}} = n \quad \frac{\text{ERV } n}{P} - 1 = \text{average annual total return}$$

Where: ERV = ending redeemable value of a hypothetical \$1,000 payment made at the beginning of the period
 P = hypothetical initial investment of \$1,000

Examples, assuming a maximum sales charge of 5.75%:

One Year	Five Year	Inception
\$1,361.54	\$2,570.58	\$3,595.48
(-----) - 1 = 36.15%	(-----) - 1 = 20.78%	(-----) - 1 = 19.89%
\$1,000	\$1,000	\$1,000

2. TOTAL RETURNS FOR THE PERIODS ENDED 9/30/93:

The formula for calculating total return is as follows:

$$\frac{\text{ERV} - \text{P}}{\text{P}} = \text{Total Return}$$

Examples:

Inception (at Maximum Sales Charge)	Inception (at NAV)
$\frac{\$3,595.48 - \$1,000}{\$1,000} = 259.55\%$	$\frac{\$3,814.83 - \$1,000}{\$1,000} = 281.48\%$
One Year (at NAV)	
$\frac{\$1,444.61 - \$1,000}{\$1,000} = 44.46\%$	

3. VALUES OF INVESTMENTS FOR A 10-YEAR PERIOD AT VARIOUS ASSUMED AVERAGE ANNUAL RATES OF RETURN:

Amount of Investment	Value at Assumed Average Annual Return			
-----	5%	10%	15%	20%
-----	-----	-----	-----	-----
Single \$1,000	\$1,629	\$2,594	\$4,046	\$6,192
Annual \$1,000	13,208	17,533	23,350	31,151

Values are calculated assuming investment at the beginning of the period (each year in the case of annual \$1,000 investments) and reinvestment of earnings at the end of each year.