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Dreyfus Capital Value Fund, Inc.
Cross-Reference Sheet Pursuant to Rule 495(a)

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DREYFUS CAPITAL VALUE FUND
(A Premier Fund)
(LION LOGO)
PROSPECTUS

JANUARY 28, 1994

Dreyfus Capital Value Fund (A Premier Fund) (the "Fund") is an open-end, diversified, management investment company, known as a mutual fund. Its goal is to maximize total return, consisting of capital appreciation and current income. The Fund invests in a wide range of equity and debt securities and money market instruments.

You can purchase or redeem shares by telephone using Dreyfus TELETRANSFER.

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

By this Prospectus, Class A and Class B shares of the Fund are being offered. Class A shares are subject to a sales charge imposed at the time of purchase and Class B shares are subject to a contingent deferred sales charge imposed on redemptions made within six years of purchase. Other differences between the two Classes include the services offered to and the expenses borne by each Class and certain voting rights, as described herein. The Fund offers these alternatives so an investor may choose the method of purchasing shares that is most beneficial given the amount of the purchase, the length of time the investor expects to hold the shares and other circumstances.

This Prospectus sets forth concisely information about the Fund that you should know before investing. It should be read and retained for future reference.

Part B (also known as the Statement of Additional Information), dated January 28, 1994, which may be revised from time to time, provides a further discussion of certain areas in this Prospectus and other matters which may be of interest to some investors. It has been filed with the Securities and Exchange Commission and is incorporated herein by reference. For a free copy, write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or call 1-800-645-6561. When telephoning, ask for Operator 666.

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

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

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FEE TABLE

SHAREHOLDER TRANSACTION EXPENSES

	CLASS A <C>	CLASS B <C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....	4.50%	-
Maximum Deferred Sales Charge Imposed on Redemptions (as a percentage of the amount subject to charge).....	-	4.00%
ANNUAL FUND OPERATING EXPENSES (as a percentage of average daily net assets)		
Management Fees.....	.75%	.75%
12b-1 Fees.....	-	.75%
Service Fees.....	.25%	.25%
Other Expenses.....	.68%	.68%
Total Fund Operating Expenses.....	1.68%	2.43%

</TABLE>

EXAMPLE

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

<TABLE>

	1 YEAR <C>	3 YEARS <C>	5 YEARS <C>	10 YEARS* <C>
CLASS A:.....	\$61	\$96	\$132	\$235
CLASS B:.....	\$65	\$106	\$150	\$241
ASSUMING NO REDEMPTION OF CLASS B SHARES:.....	\$25	\$76	\$130	\$241

</TABLE>

*Ten-year figures assume conversion of Class B shares to Class A shares at end of sixth year following the date of purchase.

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

The purpose of the foregoing table is to assist you in understanding the various costs and expenses that investors will bear, directly or indirectly, the payment of which will reduce investors' return on an annual basis. For Class B shares, Other Expenses are estimated based on expenses incurred by the Class A shares. Prior to January 15, 1993, Class A shares were subject to 12b-1 fees, but no service fees. Long-term investors in Class B shares could pay more in 12b-1 fees than the economic equivalent of paying a front-end sales charge. Certain Service Agents (as defined below) may charge their clients direct fees for effecting transactions in Fund shares; such fees are not reflected in the foregoing table. See "Management of the Fund," "How to Buy Fund Shares" and "Distribution Plan and Shareholder Services Plan."

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CONDENSED FINANCIAL INFORMATION

The information in the following table has been audited by Ernst & Young, the Fund's independent auditors, whose report thereon appears in the Statement of Additional Information. Further financial data and related notes are included in the Statement of Additional Information, available upon request.

FINANCIAL HIGHLIGHTS

Contained below is per share operating performance data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for each year indicated. This information has been derived from information provided in the Fund's financial statements.

<TABLE>

CLASS A

CLASS B

 YEAR ENDED SEPTEMBER 30,

 YEAR ENDED
 SEPTEMBER 30,

PER SHARE DATA	1986 (1) (2)	1987 (1)	1988 (1)	1989 (1)	1990 (1)	1991	1992	1993	1993 (3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of year.....	\$7.25	\$9.54	\$12.84	\$12.68	\$14.42	\$15.08	\$12.97	\$12.40	\$10.58
Investment from Operations:									
Investment income net(4)....	.03	.07	.58	.90	.89	.73	.40	.24	.03
Net realized and unrealized gain (loss) on investments(4)....	2.26	3.59	(.18)	1.60	.61	(.89)	(.39)	(.62)	.71
TOTAL FROM INVESTMENT OPERATIONS.....	2.29	3.66	.40	2.50	1.50	(.16)	.01	(.38)	.74
DISTRIBUTIONS:									
Dividends from investment income--net(4).....	-	(.03)	(.15)	(.76)	(.84)	(.99)	(.57)	(.61)	-
Dividends from net realized gain on investments(4).....	-	(.33)	(.41)	-	-	(.96)	-	--	-
TOTAL DISTRIBUTIONS.....	-	(.36)	(.56)	(.76)	(.84)	(1.95)	(.57)	(.61)	-
Net asset value, end of year...	\$9.54	\$12.84	\$12.68	\$14.42	\$15.08	\$12.97	\$12.41	\$11.42	\$11.32
TOTAL INVESTMENT RETURN (5)	31.59%(6)	39.72%	3.29%	20.95%	10.53%	(.70%)	(.02%)	(2.70%)	6.99%(6)
RATIOS/SUPPLEMENTAL DATA:									
Ratio of operating expenses to average net assets.....	1.47%(6)	1.50%	1.24%	1.22%	1.20%	1.19%	1.19%	1.23%	1.49%(6)
Ratio of dividends and interest on securities sold short to average net assets.....	-	.15%	.13%	.03%	.26%	.49%	.39%	.45%	.31%(6)
Ratio of net investment income to average net assets.....	.45%(6)	2.25%	6.08	6.93%	6.64%	5.58%	2.83%	1.94%	.83%(6)
Decrease reflected in above expense ratios due to expense reimbursements...	.84%(6)	.29%	-	-	-	-	-	-	-
Portfolio Turnover Rate....	140.99%	102.16%	56.31%	19.46%	62.84%	154.07%	344.29%	41.78%	41.78%
Net Assets, end of year (000's Omitted).....	\$9,444	\$139,796	\$502,442	\$607,192	\$741,267	\$755,450	\$537,392	\$412,316	\$30,378

- (1) Per share data restated to reflect a 100% stock dividend at the close of business on February 16, 1990.
(2) From October 10, 1985 (commencement of operations) to September 30, 1986.
(3) From January 15, 1993 (commencement of initial offering) to September 30, 1993.
(4) Per share data for 1986 and 1987 has been restated for comparative purposes.
(5) Exclusive of sales charge.
(6) Not annualized.

</TABLE>

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ALTERNATIVE PURCHASE METHODS

The Fund offers you two methods of purchasing Fund shares; you may choose the Class of shares that best suits your needs, given the amount of your purchase, the length of time you expect to hold your shares and any other relevant circumstances. Each Class A and Class B share represents an identical pro rata interest in the Fund's investment portfolio.

Class A shares are sold at net asset value per share plus a maximum initial sales charge of

4.50% of the public offering price imposed at the time of purchase. The initial sales charge may be reduced or waived for certain purchases. See "How to Buy Fund Shares _ Class A Shares." These shares are subject to an annual service fee at the rate of .25 of 1% of the value of the average daily net assets of Class A. See "Distribution Plan and Shareholder Services Plan _ Shareholder Services Plan."

Class B shares are sold at net asset value per share with no initial sales charge at the time of purchase; as a result, the entire purchase price is immediately invested in the Fund. Class B shares are subject to a maximum 4% contingent deferred sales charge ("CDSC"), which is assessed only if you redeem Class B shares within six years of purchase. See "How to Buy Fund Shares _ Class B Shares" and "How to Redeem Fund Shares_Contingent Deferred Sales Charge -- Class B Shares." These shares also are subject to an annual service fee at the rate of .25 of 1% of the value of the average daily net assets of Class B. In addition, Class B shares are subject to an annual distribution fee at the rate of .75 of 1% of the value of the average daily net assets of Class B. See "Distribution Plan and Shareholder Services Plan." The distribution fee paid by Class B will cause such Class to have a higher expense ratio and to pay lower dividends than Class A. Approximately six years after the date of purchase, Class B shares automatically will convert to Class A shares, based on the relative net asset values for shares of each Class, and will no longer be subject to the distribution fee. Class B shares that have been acquired through the reinvestment of dividends and distributions will be converted on a pro rata basis

together with other Class B shares, in the proportion that a shareholder's Class B shares converting to Class A shares bears to the total Class B shares not acquired through the reinvestment of dividends and distributions.

You should consider whether, during the anticipated life of your investment in the Fund, the accumulated distribution fee and CDSC on Class B shares prior to conversion would be less than the initial sales charge on Class A shares purchased at the same time, and to what extent, if any such differential would be offset by the return of Class A. In this regard, investors qualifying for reduced initial sales charges who expect to maintain their investment for an extended period of time might consider purchasing Class A shares because the accumulated continuing distribution fees on Class B shares may exceed the initial sales charge on Class A shares during the life of the investment. Generally, Class A shares may be more appropriate for investors who invest \$100,000 or more in Fund shares.

DESCRIPTION OF THE FUND

INVESTMENT OBJECTIVE

The Fund's goal is to maximize total return, consisting of capital appreciation and current income. The Fund's investment objective cannot be changed without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of the Fund's outstanding voting shares. There can be no assurance that the Fund's investment objective will be achieved.

MANAGEMENT POLICIES

The Fund seeks to achieve its investment objective by following an asset allocation strategy that contemplates shifts, which may be frequent, among a wide range of investments and market sectors. The Fund will invest in equity securities of domestic and foreign issuers, including common stocks, preferred stocks, convertible securities and warrants; debt securities of domestic and foreign issuers, including bonds, debentures and notes; and domestic and foreign money market instruments. The Fund will not invest more than 25% of its assets in securities of foreign issuers.

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Dreyfus and Comstock Partners, Inc. ("Comstock Partners"), the Fund's sub-investment adviser (collectively, the "Advisers"), have broad latitude in selecting the class of investments and market sectors in which the Fund will invest. The Fund will not be managed as a balanced portfolio and is not required to maintain a portion of its investments in each of the Fund's permitted investment types at all times. Thus, during the course of a business cycle, for example, the Fund may invest solely in equity securities, debt securities or money market instruments, or in a combination of these classes of investments. The asset allocation mix for the Fund will be determined by the Advisers at any given time in light of their assessment of current economic conditions and investment opportunities. The asset allocation mix selected will be a primary determinant of the Fund's investment performance.

EQUITY AND DEBT SECURITIES

The Fund intends to invest in domestic and foreign equity and debt securities. The Fund generally seeks to invest in securities that the Advisers have determined offer above average potential for total return. In making this determination, they take into account factors including price-earnings ratios, cash flow and the relationship of asset value to market value of the securities. The Fund will be alert to companies engaged in restructuring efforts, such as mergers, acquisitions and divestitures of less profitable units.

The Fund typically purchases a debt security if the Advisers believe that the yield and potential for capital appreciation of the security are sufficiently attractive in light of the risks of ownership of the security. In determining whether the Fund should invest in particular debt securities, the Advisers consider factors such as: the price, coupon and yield to maturity; their assessment of the credit quality of the issuer; the issuer's available cash flow and the related coverage ratios; the property, if any, securing the obligation; and the terms of the debt securities, including the subordination, default, sinking fund and early redemption provisions. They also will review the ratings, if any, assigned to the securities by Moody's Investors Service, Inc. or Standard & Poor's Corporation or other recognized rating agencies. The judgment of the Advisers as to credit quality of a debt security may differ, however, from that suggested by the ratings published by a rating service.

The Fund is not subject to any limit on the percentage of its assets that may be invested in debt securities having a certain rating. Thus, it is possible that a substantial portion of the Fund's assets may be invested in debt securities that are unrated or rated in the lowest categories of the recognized rating services (i.e., securities rated C by Moody's Investors Service, Inc. or D by Standard & Poor's Corporation). Low-rated and unrated securities have special risks relating to the ability of the Fund to receive timely, or perhaps ultimate, payment of principal and interest. They are considered to have speculative characteristics and to be of poor quality; some obligations in which the Fund may invest, such as debt securities rated D by Standard & Poor's

Corporation, may be in default. The Fund intends to invest less than 35% of its assets in debt securities rated Ba or lower by Moody's Investors Service, Inc. and BB or lower by Standard & Poor's Corporation. See "Risk Factors_Lower Rated Securities" below for a discussion of certain risks.

The Fund generally invests in United States equity and debt securities, including convertible securities, that are listed on securities exchanges or traded in the over-the-counter market. Foreign securities in which the Fund may invest may be listed on foreign securities exchanges or traded in the over-the-counter market. For further information about certain portfolio securities, see "Certain Portfolio Securities" below.

The Fund also may purchase to a limited extent securities representing the right to receive the capital appreciation above a certain amount, and other securities representing the right to receive dividends and all other attributes of beneficial ownership, in respect of an entity's common stock or other similar instrument. These securities typically are sold as shares in unit investment trusts. The percentage of the Fund's assets that may be invested in shares of unit investment trusts is subject to the limitations set forth in the Investment Company Act of 1940.

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MONEY MARKET INSTRUMENTS

The money market instruments in which the Fund may invest include: U.S. Government securities; bank obligations, including certificates of deposit, time deposits and bankers' acceptances and other short-term obligations of domestic or foreign banks, domestic savings and loan associations and other banking institutions having total assets in excess of \$1 billion; commercial paper of any rating; and repurchase agreements involving U.S. Government securities. The Fund may invest up to 100% of its assets in money market instruments, but at no time will the Fund's investments in bank obligations, including time deposits, exceed 25% of its assets. See "Certain Portfolio Securities" below.

INVESTMENT TECHNIQUES

LEVERAGE THROUGH BORROWING

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

Among the forms of borrowing in which the Fund may engage is the entry into reverse repurchase agreements with banks, brokers or dealers. These transactions involve the transfer by the Fund of an underlying debt instrument in return for cash proceeds based on a percentage of the value of the security. The Fund retains the right to receive interest and principal payments on the security. At an agreed upon future date, the Fund repurchases the security at principal, plus accrued interest. In certain types of agreements, there is no agreed upon repurchase date and interest payments are calculated daily, often based on the prevailing overnight repurchase rate. The Fund will maintain in a segregated custodial account cash, cash equivalents or U.S. Government securities or other high quality liquid debt securities at least equal to the aggregate amount of its reverse repurchase obligations, plus accrued interest, in certain cases, in accordance with releases promulgated by the Securities and Exchange Commission. The Securities and Exchange Commission views reverse repurchase transactions as collateralized borrowings by the Fund. These agreements, which are treated as if reestablished each day, are expected to provide the Fund with a flexible borrowing tool.

SHORT-SELLING

The Fund may make short sales, which are transactions in which the Fund sells a security it does not own in anticipation of a decline in the market value of that security. To complete such a transaction, the Fund must borrow the security to make delivery to the buyer. The Fund then is obligated to replace the security borrowed by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Fund. Until the security is replaced, the Fund is required to pay to the lender amounts equal to any dividends or interest which accrue during the

period of the loan. To borrow the security, the Fund also may be required to pay a premium, which would increase the cost of the security sold. The proceeds of the short sale will be retained by the broker, to the extent necessary to meet margin requirements, until the short position is closed out.

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

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

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

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

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

CALL AND PUT OPTIONS ON SPECIFIC SECURITIES

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

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To close out a position when writing covered options, the Fund may make a "closing purchase transaction," which involves purchasing an option on the same security or securities with the same exercise price and expiration date as the option which it has previously written. To close out a position as a purchaser of an option, the Fund may make a "closing sale transaction," which involves liquidating the Fund's position by selling the option previously purchased. The Fund will

realize a profit or loss from a closing purchase transaction depending upon the difference between the amount paid to purchase an option and the amount received from the sale thereof.

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

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

STOCK INDEX OPTIONS

The Fund may purchase and write call and put options on stock indexes listed on national securities exchanges or traded in the over-the-counter market as an investment vehicle for the purpose of realizing its investment objective or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index.

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

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

FUTURES TRANSACTIONS -- IN GENERAL

The Fund is not a commodity pool. However, as a substitute for a comparable market position in the underlying securities and for hedging purposes, the Fund may engage in futures and options on futures transactions, including those relating to indexes, as described below.

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

The Fund's commodities transactions must constitute bona fide hedging or other permissible transactions pursuant to regulations promulgated by the Commodity Futures Trading Commission (the "CFTC"). In addition, the Fund may not engage in such transactions if the sum of the amount of initial margin deposits and premiums paid for unexpired commodity options, other than for bona fide hedging transactions, would exceed 5% of the liquidation

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value of the Fund's assets, after taking into account unrealized profits and unrealized losses on such contracts it has entered into; provided, however, that in the case of an option that is in-the-money at the time of purchase, the in-the-money amount may be excluded in calculating the 5%. Pursuant to regulations and/or published positions of the Securities and Exchange Commission, the Fund may be required to segregate cash or high quality money market instruments in connection with its commodities transactions in an amount generally equal to the value of the underlying commodity. The segregation of such assets will have the effect of limiting the Fund's ability to otherwise invest those assets.

Initially, when purchasing or selling futures contracts the Fund will be required to deposit with its custodian in the broker's name an amount of cash or cash equivalents up to approximately 10% of the contract amount. This amount is subject to change by the exchange or board of trade on which the contract is traded and members of such exchange or board of trade may impose their own higher requirements. This amount is known as "initial margin" and is in the nature of a performance bond or good faith deposit on the contract which is returned to the Fund upon termination of the futures position, assuming all contractual obligations have been satisfied. Subsequent payments, known as "variation margin," to and from the broker will be made daily as the price of the

index or securities underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking-to-market." At any time prior to the expiration of a futures contract, the Fund may elect to close the position by taking an opposite position at the then prevailing price, which will operate to terminate the Fund's existing position in the contract.

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

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

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

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

Call options sold by the Fund with respect to futures contracts will be covered by, among other things, entering into a long position in the same contract at a price no higher than the strike price of the call option, or by ownership of the instruments underlying, or instruments the prices of which are expected to move relatively consistently with the instruments underlying, the futures contract. Put options sold by the Fund with respect to futures contracts will be covered in the same manner as put options on specific securities as described above.

STOCK INDEX FUTURES AND OPTIONS ON STOCK INDEX FUTURES -- The Fund may purchase and sell stock index futures contracts and options on

stock index futures contracts.

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

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

There can be no assurance of the Fund's successful use of stock index futures as a hedging device. In addition to the possibility that there may be an imperfect correlation, or no correlation at all, between movements in the stock index future and the portion of the portfolio being hedged, the price of stock index futures may not correlate perfectly with the movement in the stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions which would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause temporary price distortions. Because of the possibility of price distortions in the futures market and the imperfect correlation between movements in the stock index and movements in the price of stock index futures, a correct forecast of general market trends by the Advisers still may not result in a successful hedging transaction.

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INTEREST RATE FUTURES CONTRACTS AND OPTIONS ON INTEREST RATE FUTURES CONTRACTS -- The Fund may invest in interest rate futures contracts and options on interest rate futures contracts as a substitute for a comparable market position and to hedge against adverse movements in interest rates.

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

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

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

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

FUTURES CONTRACTS BASED ON AN INDEX OF DEBT SECURITIES AND OPTIONS ON SUCH FUTURES CONTRACTS

The Fund may purchase and sell futures contracts based on an index of debt securities and options on such futures contracts to the extent they currently exist and, in the future, may be developed. At least one exchange trades futures contracts on an index of long-term municipal bonds, and the Fund reserves the right to conduct futures and options transactions based on an index which may be developed in the future to correlate with price movements in certain categories of debt securities.

The Fund's investment strategy in employing futures contracts based on an index of debt securities will be similar to that used by it in other financial futures transactions. The Fund also may purchase and write call and put options on such index futures and enter into closing transactions with respect to such options.

CURRENCY FUTURES AND OPTIONS ON CURRENCY FUTURES

The Fund may purchase and sell currency futures contracts and options thereon. See "Futures Transactions -- In General" and "Call and Put Options on Specific Securities" above. By selling foreign currency futures, the Fund can establish the number of U.S. dollars it will receive in the delivery month for a certain amount of a foreign currency. In this way, if the Fund anticipates a decline of a foreign currency against the U.S. dollar, the Fund can attempt to fix the U.S. dollar value of some or all of the securities held in its portfolio that are denominated in that currency. By purchasing foreign currency futures, the Fund can establish the number of U.S. dol-

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lars it will be required to pay for a specified amount of a foreign currency in the delivery month. Thus, if the Fund intends to buy securities in the future and expects the U.S. dollar to decline against the relevant foreign currency during the period before the purchase is effected, the Fund can attempt to fix the price in U.S. dollars of the securities it intends to acquire.

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

FOREIGN CURRENCY TRANSACTIONS

The Fund may engage in currency exchange transactions to protect against uncertainty in the level of future exchange rates in connection with hedging and other non-speculative strategies involving specific settlement transactions. The Fund will conduct its currency exchange transactions either on a spot (i.e., cash) basis at the rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell currencies. A forward currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which must be more than two days from the date of the contract, at a price set at the time of the contract. Transaction hedging is the purchase or sale of forward currency with respect to specific receivables or payables of the Fund generally arising in connection with the purchase or sale of its portfolio securities. These contracts are entered into in the interbank market conducted directly between currency traders (typically commercial banks or other financial institutions) and their customers.

OPTIONS ON FOREIGN CURRENCY

The Fund may purchase and sell call and put options on foreign currency for the purpose of hedging against changes in future currency exchange rates. Call options convey the right to buy the underlying currency at a price which is expected to be lower than the spot price of the currency at the time the option expires. Put options convey the right to sell the underlying currency at a price which is anticipated to be higher than the spot prices of the currency at the time the option expires. The Fund may use foreign currency options for the same purposes that it could use currency forward and futures transactions as described herein. See also "Call and Put Options on Specific Securities" above.

LENDING PORTFOLIO SECURITIES

From time to time, the Fund may lend securities from its portfolio to brokers, dealers and other financial institutions needing to borrow securities to complete certain transactions. Such loans may not exceed 33 1/3% of the value of the Fund's total assets. In connection with such loans, the Fund will receive collateral consisting of cash, U.S. Government securities or irrevocable letters of credit which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The Fund can increase its income through the investment of such collateral. The Fund continues to be entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned security and receives interest on the amount of the loan. Such loans will be terminable at any time upon specified notice. The Fund might experience risk of loss if the institution with which it has engaged in a portfolio loan transaction breaches its agreement with the Fund.

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FUTURE DEVELOPMENTS

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

FORWARD COMMITMENTS

The Fund may purchase securities on a when-issued or forward commitment basis, which means that delivery and payment take place a number of days after the date of the commitment to purchase. The payment obligation and the interest rate that will be received on a when-issued security are fixed at the time the Fund enters into the commitment. The Fund will make commitments to purchase such securities only with the intention of actually acquiring the securities, but the Fund may sell these securities before the settlement date if it is deemed advisable. The Fund will not accrue income in respect of a security purchased on a when-issued or forward commitment basis prior to its stated delivery date.

Securities purchased on a when-issued or forward commitment basis and certain other securities held in the Fund's portfolio are subject to changes in value (both generally changing in the same way, i.e., appreciating when interest rates decline and depreciating when interest rates rise) based upon the public's perception of the creditworthiness of the issuer and changes, real or anticipated, in the level of interest rates. Securities purchased on a when-issued or forward commitment basis may expose the Fund to risks because they may experience such fluctuations prior to their actual delivery. Purchasing securities on a when-issued or forward commitment basis can involve the additional risk that the yield available in the market when the delivery takes place actually may be higher than that obtained in the transaction itself. A segregated account of the Fund consisting of cash, cash equivalents or U.S. Government securities or other high quality liquid debt securities at least equal at all times to the amount of the when-issued or forward commitments will be established and maintained at the Fund's custodian bank. Purchasing securities on a when-issued or forward commitment basis when the Fund is fully or almost fully invested may result in greater potential fluctuations in the value of the Fund's net assets and its net asset value per share.

CERTAIN PORTFOLIO SECURITIES

CONVERTIBLE SECURITIES

A convertible security is a fixed-income security, such as a bond or preferred stock, which may be converted at a stated price within a specified period of time into a specified number of shares of common stock of the same or different issuer. Convertible securities are senior to common stock in a corporation's capital structure, but usually are subordinated to non-convertible debt securities. While providing a fixed-income stream (generally higher in yield than the income derivable from a common stock but lower than that afforded by a non-convertible debt security), a convertible security also affords an investor the opportunity, through its conversion feature, to participate in the capital appreciation of the common stock into which it is convertible.

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

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WARRANTS

A warrant is an instrument issued by a corporation which gives the holder the right to subscribe to a specified amount of the corporation's capital stock at a set price for a specified period of time.

ILLIQUID SECURITIES

The Fund may invest up to 15% of the value of its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Fund's investment objective. Such securities may include securities that are not readily marketable, such as certain securities that are subject to legal or contractual restrictions on resale, repurchase agreements providing for settlement in more than seven days after notice, and certain options traded in the over-the-counter market and securities used to cover such options. As to these securities, the Fund is subject to a risk that

should the Fund desire to sell them when a ready buyer is not available at a price the Fund deems representative of their value, the value of the Fund's net assets could be adversely affected. However, if a substantial market of qualified institutional buyers develops pursuant to Rule 144A under the Securities Act of 1933, as amended, for certain unregistered securities held by the Fund, the Fund intends to treat such securities as liquid securities in accordance with procedures approved by the Fund's Board of Directors. Because it is not possible to predict with assurance how the market for restricted securities pursuant to Rule 144A will develop, the Fund's Board of Directors has directed Dreyfus to monitor carefully the Fund's investments in such securities with particular regard to trading activity, availability of reliable price information and other relevant information. To the extent that for a period of time, qualified institutional buyers cease purchasing restricted securities pursuant to Rule 144A, the Fund's investing in such securities may have the effect of increasing the level of illiquidity in the Fund's portfolio during such period.

U.S. GOVERNMENT SECURITIES

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

ZERO COUPON U.S. TREASURY SECURITIES

The Fund may invest in zero coupon U.S. Treasury securities, which are Treasury Notes and Bonds that have been stripped of their unmatured interest coupons, the coupons themselves and receipts or certificates representing interests in such stripped debt obligations and coupons. The Fund also may invest in zero coupon securities issued by financial institutions which constitute a proportionate ownership of the issuer's pool of underlying U.S. Treasury securities. A zero coupon security pays no interest to its holder during its life and is sold at a

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discount to its face value at maturity. The amount of the discount fluctuates with the market price of the security. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically and are likely to respond to a greater degree to changes in interest rates than non-zero coupon securities having similar maturities and credit qualities.

REPURCHASE AGREEMENTS

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

BANK OBLIGATIONS

Time deposits are non-negotiable deposits maintained in a banking institution for a specified period of time (in no event longer than seven days) at a stated interest rate.

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

Bankers' acceptances are credit instruments evidencing the obligation of a bank to pay a draft drawn on it by a customer. These and other short-term instruments reflect the obligation both of the bank and of the drawer to pay the face amount of the instrument upon maturity. The other short-term obligations may include uninsured, direct obligations bearing fixed, floating or variable interest rates.

COMMERCIAL PAPER

Commercial paper consists of short-term, unsecured promissory notes issued to finance short-term credit needs.

CERTAIN FUNDAMENTAL POLICIES

The Fund may (i) borrow money to the extent permitted under the Investment Company Act of 1940; (ii) pledge, mortgage and hypothecate its assets, but only to secure permitted borrowings and to the extent related to the deposit of assets in escrow in connection with portfolio transactions; (iii) invest up to 5% of its total assets in the obligations of any issuer, except that up to 25% of the value of the Fund's total assets may be invested, and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities may be purchased, without regard to any such limitation; and (iv) invest up to 25% of its total assets in the securities of issuers in any industry, provided that there shall be no such limitation on investments in obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities. This paragraph describes fundamental policies that cannot be changed without approval by

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the holders of a majority (as defined in the Investment Company Act of 1940) of the Fund's outstanding voting shares. See "Investment Objective and Management Policies - Investment Restrictions" in the Statement of Additional Information.

ADDITIONAL NON-FUNDAMENTAL POLICY

The Fund may invest up to 15% of the value of its net assets in repurchase agreements providing for settlement in more than seven days after notice and in other illiquid securities. See "Investment Objective and Management Policies--Investment Restrictions" in the Statement of Additional Information.

RISK FACTORS

CERTAIN INVESTMENT TECHNIQUES

The use of investment techniques such as short-selling, engaging in financial futures and options and currency transactions, leverage through borrowing, purchasing securities on a forward commitment basis and lending portfolio securities involves greater risk than that incurred by many other funds with a similar objective. Using these techniques may produce higher than normal portfolio turnover and may affect the degree to which the Fund's net asset value fluctuates. Higher portfolio turnover rates are likely to result in comparatively greater brokerage commissions. See "Portfolio Transactions" in the Statement of Additional Information. Portfolio turnover will not be a limiting factor when making portfolio decisions.

INVESTING IN FOREIGN SECURITIES

In making foreign investments, the Fund will give appropriate consideration to the following factors, among others.

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

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

Since foreign securities often are purchased with and payable in currencies of foreign countries, the value of these assets as measured in U.S. dollars may be affected favorably or unfavorably by changes in

currency rates and exchange control regulations. Some currency exchange costs may be incurred when the Fund changes investments from one country to another.

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

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FOREIGN CURRENCY EXCHANGE

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

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

FOREIGN COMMODITY TRANSACTIONS

Unlike trading on domestic commodity exchanges, trading on foreign commodity exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges. For example, some foreign exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless the Fund hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading is done on foreign exchanges, any profits that the Fund might realize in trading could be eliminated by adverse changes in the exchange rate, or the Fund could incur losses as a result of those changes. Transactions on foreign exchanges may include both commodities which are traded on domestic exchanges and those which are not.

LOWER RATED SECURITIES

You should carefully consider the relative risks of investing in the higher yielding (and, therefore, higher risk) debt securities in which the Fund may invest without limitation when management believes that such securities offer opportunities for capital growth. Management's decision to invest in these securities is not subject to shareholder approval. These are securities such as those rated Ba by Moody's Investors Service, Inc. or BB by Standard & Poor's Corporation or as low as the lowest rating assigned by Moody's Investors Service, Inc. or Standard & Poor's Corporation. They generally are not meant for short-term investing and may be subject to certain risks with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities. Obligations rated Ba by Moody's Investors Service, Inc. are judged to have speculative elements; their future cannot be considered as well assured and often the protection of interest and principal payments may be very moderate. Obligations rated BB by Standard & Poor's Corporation are regarded as having predominantly speculative characteristics and, while such obligations have less near-term vulnerability to default than other speculative grade debt, they face major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to inadequate capacity to meet timely interest and principal payment. Obligations rated C by Moody's Investors Service, Inc. are regarded as having extremely poor prospects of ever attaining any real investment standing. Obligations rated D by Standard & Poor's Corporation are in default and the payment of interest and/or repayment of principal is in arrears. Such obligations, though high yielding, are characterized by great risk. See "Appendix" in the Statement of Additional Information for a general description of Moody's Investors Service, Inc. and Standard & Poor's Corporation securities ratings. The ratings of Moody's Investors Service, Inc. and Standard & Poor's Corporation represent their opinions as to the quality of the securities which they undertake to rate. It should be emphasized, however, that ratings are relative and subjective and, although ratings may be useful in evaluating

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the safety of interest and principal payments, they do not evaluate the market value risk of these securities. Therefore, although these ratings may be an initial criterion for selection of portfolio investments, the Advisers also will evaluate these securities and the ability of the issuers of such securities to pay interest and principal.

The Fund's ability to achieve its investment objective may be more dependent on the Advisers' credit analysis than might be the case for a fund that invested in higher rated securities. Once the rating of a portfolio security has been changed, the Fund will consider all circumstances deemed relevant in determining whether to continue to hold the security.

The market price and yield of debt securities rated Ba or lower by Moody's Investors Service, Inc. and BB or lower by Standard & Poor's Corporation are more volatile than those of higher rated securities. Factors adversely affecting the market price and yield of these securities will adversely affect the Fund's net asset value. In addition, the retail secondary market for these securities may be less liquid than that of higher rated securities; adverse market conditions could make it difficult at times for the Fund to sell certain securities or could result in lower prices than those used in calculating the Fund's net asset value.

The market values of certain lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue such securities often are highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risk associated with acquiring the securities of such issuers generally is greater than is the case with higher rated securities.

The Fund may invest in lower rated zero coupon securities and pay-in-kind bonds (bonds which pay interest through the issuance of additional bonds), which involve special considerations. These securities may be subject to greater fluctuations in value due to changes in interest rates than interest-bearing securities and thus may be considered more speculative than comparably rated interest-bearing securities. See "Other Investment Considerations" below, and "Investment Objective and Management Policies_Risk Factors_Lower Rated Securities" and "Dividends, Distributions and Taxes" in the Statement of Additional Information.

OTHER INVESTMENT CONSIDERATIONS

The Fund's net asset value is not fixed and should be expected to fluctuate. You should purchase Fund shares only as a supplement to an overall investment program and only if you are willing to undertake the risks involved. Even though interest-bearing securities are investments which promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. The values of fixed-income securities also may be affected by changes in the credit rating or financial condition of the issuing entities. See "Lower Rated Securities" above.

Federal income tax law requires the holder of a zero coupon security or of certain pay-in-kind bonds to accrue income with respect to these securities prior to the receipt of cash payments. To maintain its qualification as a regulated investment company and avoid liability for Federal income taxes, the Fund may be required to distribute such income accrued with respect to these securities and may have to dispose of portfolio securities under disadvantageous circumstances in order to generate cash to satisfy these distribution requirements.

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

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MANAGEMENT OF THE FUND

INVESTMENT ADVISER

Dreyfus, located at 200 Park Avenue, New York, New York 10166, was formed in 1947 and serves as the Fund's investment adviser. As of December 31, 1993, Dreyfus managed or administered approximately \$78 billion in assets for more than 1.9 million investor accounts nationwide.

Dreyfus supervises and assists in the overall management of the Fund's affairs under an Investment Advisory Agreement with the Fund, subject to the overall authority of the Fund's Board of Directors in accordance with Maryland law.

Under the terms of the Investment Advisory Agreement, the Fund has agreed to pay Dreyfus an annual fee, payable monthly, as set forth below:

<TABLE>

AVERAGE NET ASSETS	ANNUAL FEE AS A PERCENTAGE OF AVERAGE DAILY NET ASSETS
-----	-----
<S>	<C>
0 up to \$25 million.....	.60 of 1%

\$25 up to \$75 million.....	.50 of 1%
\$75 up to \$200 million.....	.45 of 1%
\$200 up to \$300 million.....	.40 of 1%
In excess of \$300 million.....	.375 of 1%

</TABLE>

For the fiscal year ended September 30, 1993, the Fund paid Dreyfus a monthly investment advisory fee at the effective annual rate of .43 of 1% of the value of the Fund's average daily net assets.

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

SUB-INVESTMENT ADVISER

Comstock Partners, a registered investment adviser located at 10 Exchange Place, Suite 2010, Jersey City, New Jersey 07302-3913, was formed in 1986 and serves as the Fund's sub-investment adviser. As of July 30, 1993, Comstock Partners managed approximately \$1 billion in assets for three investment companies and several discretionary accounts.

Comstock Partners, subject to the supervision and approval of Dreyfus, provides investment advisory assistance and the day-to-day management of the Fund's portfolio, as well as research and statistical information under a Sub-Investment Advisory Agreement with the Fund, subject to the overall authority of the Fund's Board of Directors in accordance with Maryland law. Investment decisions for the Fund are made by the Investment Policy Committee of Comstock Partners and no person is primarily responsible for making recommendations to that committee. See "Management of the Fund" in the Fund's Statement of Additional Information. Comstock Partners and Dreyfus also provide research services for the Fund as well as for other funds advised by Comstock Partners or Dreyfus through their respective professional staffs of portfolio managers and security analysts.

Stanley Salvigsen, Chairman of the Board and Chief Executive Officer of Comstock Partners and Charles L. Minter, Vice Chairman and Chief Operating Officer of Comstock Partners are Investment Officers of the Fund. In the October 1986 issue of Institutional Investor, Mr. Salvigsen was selected as the leading portfolio strategist during the preceding 12-month period, as determined by a survey of the opinions of research or investment managers at a selected group of large money management organizations. Subsequent to 1986, Mr. Salvigsen has not been evaluated in connection with this survey, which considers only brokerage-firm analysts. Mr. Salvigsen's past performance, or opinions of others as to the quality of such performance, is no guarantee of future performance by the Fund.

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Under the terms of the Sub-Investment Advisory Agreement, the Fund has agreed to pay Comstock Partners an annual fee, payable monthly, as set forth below:

<TABLE>

	AVERAGE NET ASSETS		ANNUAL FEE AS A PERCENTAGE OF AVERAGE DAILY NET ASSETS
	-----		-----
<S>	<C>		<C>
	0 up to \$25 million.....	.	.15 of 1%
	\$25 up to \$75 million.....	.	.25 of 1%
	\$75 up to \$200 million.....	.	.30 of 1%
	\$200 up to \$300 million.....	.	.35 of 1%
	In excess of \$300 million.....	.	.375 of 1%

</TABLE>

For the fiscal year ended September 30, 1993, the Fund paid Comstock Partners a monthly sub-investment advisory fee at the effective annual rate of .32 of 1% of the value of the Fund's average daily net assets.

EXPENSES

The aggregate fee paid to the Advisers is higher than that paid by most other investment companies. From time to time, Dreyfus and/or Comstock Partners may waive receipt of their fees and/or voluntarily assume certain expenses of the Fund, which would have the effect of lowering the overall expense ratio of the Fund and increasing yield to investors at the time such amounts are waived or assumed, as the case may be. The Fund will not pay Dreyfus or Comstock Partners at a later time for any amounts which may be waived, nor will the Fund reimburse Dreyfus and/or Comstock Partners for any amounts which may be assumed.

TRANSFER AND DIVIDEND DISBURSING AGENT AND CUSTODIAN

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

HOW TO BUY FUND SHARES

The Fund's distributor is Dreyfus Service Corporation, a wholly-owned subsidiary of Dreyfus, located at 200 Park Avenue, New York,

New York 10166. The shares it distributes are not deposits or obligations of The Dreyfus Security Savings Bank, F.S.B. and therefore are not insured by the Federal Deposit Insurance Corporation.

Fund shares can be purchased through Dreyfus Service Corporation or certain financial institutions (which may include banks), securities dealers and other industry professionals (collectively, "Service Agents") that have entered into agreements with Dreyfus Service Corporation. Service Agents may receive different levels of compensation for selling different Classes of shares.

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

When purchasing Fund shares, you must specify whether the purchase is for Class A or Class B shares. Stock certificates are issued only upon your written request. No certificates are issued for fractional shares. The Fund reserves the right to reject any purchase order.

The minimum initial investment is \$2,500, or \$1,000 if you are a client of a Service Agent which has made an aggregate minimum initial purchase for its customers of \$2,500. Subsequent investments must be at least \$100. The initial investment must be accompanied by the Fund's Account Application. For full-time or part-time employees of Dreyfus, or any of its affiliates or subsidiaries, directors of Dreyfus, Board members of a fund advised by Dreyfus, including members of the Fund's Board, or the spouse or minor child of any of the foregoing, the minimum initial investment is \$1,000. For full-time or part-time employees of Dreyfus or

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any of its affiliates or subsidiaries who elect to have a portion of their pay directly deposited into their Fund account, the minimum initial investment is \$50. Full-time employees of Comstock Partners may purchase Fund shares without regard to minimum initial investment requirements. The Fund reserves the right to offer Fund shares without regard to minimum purchase requirements to employees participating in certain qualified or non-qualified employee benefit plans or other programs where contributions or account information can be transmitted in a manner and form acceptable to the Fund. The Fund reserves the right to vary further the initial and subsequent investment minimum requirements at any time.

You may purchase Fund shares by check or wire, or through the Dreyfus TELETRANSFER Privilege described below. Checks should be made payable to "The Dreyfus Family of Funds," or, if for Dreyfus retirement plan accounts, to "The Dreyfus Trust Company, Custodian." Payments to open new accounts which are mailed should be sent to The Dreyfus Family of Funds, P.O. Box 9387, Providence, Rhode Island 02940-9387, together with your Account Application indicating which Class of shares is being purchased. For subsequent investments, your Fund account number should appear on the check and an investment slip should be enclosed and sent to The Dreyfus Family of Funds, P.O. Box 105, Newark, New Jersey 07101-0105. For Dreyfus retirement plan accounts, both initial and subsequent investments should be sent to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427. Neither additional nor subsequent investments should be made by third party check. Purchase orders may be delivered in person only to a Dreyfus Financial Center. THESE ORDERS WILL BE FORWARDED TO THE FUND AND WILL BE PROCESSED ONLY UPON RECEIPT THEREBY. For the location of the nearest Dreyfus Financial Center, please call one of the telephone numbers listed under "General Information."

Wire payments may be made if your bank account is in a commercial bank that is a member of the Federal Reserve System or any other bank having a correspondent bank in New York City. Immediately available funds may be transmitted by wire to The Bank of New York, DDA#8900119551/ Dreyfus Capital Value Fund _ Class A shares or DDA#8900115181/ Dreyfus Capital Value Fund _ Class B shares, as the case may be, for purchase of Fund shares in your name. The wire must include your Fund account number (for new accounts, please include your Taxpayer Identification Number ("TIN") instead), account registration and dealer number, if applicable. If your initial purchase of Fund shares is by wire, please call 1-800-645-6561 after completing your wire payment to obtain your Fund account number. Please include your Fund account number on the Fund's Account Application and promptly mail the Account Application to the Fund, as no redemptions will be permitted until the Account Application is received. You may obtain further information about remitting funds in this manner from your bank. All payments should be made in U.S. dollars and, to avoid fees and delays, should be drawn only on U.S. banks. A charge will be imposed if any check used for investment in your account does not clear. The Fund makes available to certain large institutions the ability to issue purchase instructions through compatible computer facilities.

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

Fund shares are sold on a continuous basis. Net asset value per share is determined as of the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York time), on each day the New York Stock Exchange is open for business. For purposes of determining net asset value, options and futures contracts will be valued 15 minutes after the close of trading on the floor of the New York Stock Exchange. Net asset value per share of each Class is computed by dividing the value of the Fund's net assets represented by such Class (i.e., the

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value of its assets less liabilities) by the total number of shares of such Class outstanding. The Fund's investments are valued based on market value, or where market quotations are not readily available, based on fair value as determined in good faith by the Board of Directors. For further information regarding the methods employed in valuing Fund investments, see "Determination of Net Asset Value" in the Fund's Statement of Additional Information.

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

If an order is received by the Transfer Agent or other agent by the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York time) on any business day, Fund shares will be purchased at the public offering price determined as of such close of trading on the floor of the New York Stock Exchange on that day. Otherwise, Fund shares will be purchased at the public offering price determined as of the close of trading on the floor of the New York Stock Exchange on the next business day, except where shares are purchased through a dealer as provided below.

Orders for the purchase of Fund shares received by dealers by the close of trading on the floor of the New York Stock Exchange on any business day and transmitted to Dreyfus Service Corporation by the close of its business day (normally 5:15 p.m., New York time) will be based on the public offering price per share determined as of the close of trading on the floor of the New York Stock Exchange on that day. Otherwise, the orders will be based on the next determined public offering price. It is the dealers' responsibility to transmit orders so that they will be received by Dreyfus Service Corporation before the close of its business day.

CLASS A SHARES

The public offering price for Class A shares is the net asset value per share of that Class plus a sales load as shown below:

<TABLE>

AMOUNT OF TRANSACTION	TOTAL SALES LOAD		DEALERS' REALLOWANCE AS A % OF OFFERING PRICE
	AS A % OF OFFERING PRICE PER SHARE	AS A % OF NET ASSET VALUE PER SHARE	
<S>	<C>	<C>	<C>
Less than \$50,000.....	4.50	4.70	4.25
\$50,000 to less than \$100,000.....	4.00	4.20	3.75
\$100,000 to less than \$250,000.....	3.00	3.10	2.75
\$250,000 to less than \$500,000.....	2.50	2.60	2.25
\$500,000 to less than \$1,000,000.....	2.00	2.00	1.75
\$1,000,000 to less than \$3,000,000...	1.00	1.00	1.00
\$3,000,000 to less than \$5,000,000...	.50	.50	.50
\$5,000,000 and over.....	.25	.25	.25

</TABLE>

If you were an actual beneficial owner of Fund shares held in a Fund account on April 16, 1987, you may purchase Class A shares for that Fund account without a sales load.

Full-time employees of NASD member firms and full-time employees of other financial institutions which have entered into an agreement with Dreyfus Service Corporation pertaining to the sale of Fund shares (or which otherwise have a brokerage related or clearing arrangement with an NASD member firm or financial institution with respect to the sale of Fund shares) may purchase Class A shares for themselves directly or pursuant to an employee benefit plan or other program, or for their spouses or minor children at net asset value, provided that they have furnished Dreyfus Service Corporation with such information it may request from time to time in order to verify eligibility for this privilege. This privilege also applies to full-time employees of financial institutions affiliated with NASD member firms

whose full-time employees are eligible to purchase Class A shares at net asset value. In addition, Class A shares are offered at net asset value to full-time employees of Comstock Partners

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and full-time or part-time employees of Dreyfus, Board members of a fund advised by Dreyfus, including members of the Fund's Board, or the spouse or minor child of any of the foregoing. Class A shares purchased in connection with the Dreyfus Managed Portfolio program will be purchased at net asset value.

Class A shares will be offered at net asset value without a sales load to employees participating in qualified or non-qualified employee benefit plans or other programs where (i) the employers or affiliated employers maintaining such plans or programs have a minimum of 250 employees eligible for participation in such plans or programs or (ii) such plan's or program's aggregate initial investment in the Dreyfus Family of Funds or certain other products made available by Dreyfus Service Corporation to such plans or programs exceeds one million dollars ("Eligible Benefit Plans"). The determination of the number of employees eligible for participation in a plan or program shall be made on the date that Class A shares are first purchased by or on behalf of employees participating in such plan or program and on each subsequent January 1st. Dreyfus Service Corporation may pay dealers a fee of up to .5% of the amount invested through such dealers in Class A shares at net asset value by employees participating in Eligible Benefit Plans. All present holdings of shares of funds in the Dreyfus Family of Funds by Eligible Benefit Plans will be aggregated to determine the fee payable with respect to each such purchase of Class A shares. Dreyfus Service Corporation reserves the right to cease paying these fees at any time. Dreyfus Service Corporation will pay such fees from its own funds, other than amounts received from the Fund, including past profits or any other source available to it.

Class A shares also may be purchased (including by exchange) at net asset value without a sales load for Dreyfus-sponsored IRA "Rollover Accounts" with the distribution proceeds from a qualified retirement plan or a Dreyfus-sponsored 403(b)(7) plan, provided that, at the time of such distribution, such qualified retirement plan or Dreyfus-sponsored 403(b)(7) plan (a) satisfied the requirements set forth under either clause (i) or clause (ii) above and all or a portion of such plan's assets were invested in funds in the Dreyfus Family of Funds or certain other products made available by Dreyfus Service Corporation to such plans, or (b) had all of its assets invested in funds in the Dreyfus Family of Funds or certain other products made available by Dreyfus Service Corporation to such plans which funds or other products were sold with a sales load.

In fiscal 1993, Dreyfus Service Corporation retained \$394,268 from sales loads on Class A shares. The dealer reallowance may be changed from time to time but will remain the same for all dealers. Dreyfus Service Corporation, at its expense, may provide additional promotional incentives to dealers that sell shares of funds advised by Dreyfus which are sold with a sales load, such as the Fund. In some instances, these incentives may be offered only to certain dealers who have sold or may sell significant amounts of shares. Dealers receive a larger percentage of the sales load from Dreyfus Service Corporation than they receive for selling most other funds.

CLASS B SHARES

The public offering price for Class B shares is the net asset value per share of that Class. No initial sales charge is imposed at the time of purchase. A CDSC is imposed, however, on certain redemptions of Class B shares as described under "How to Redeem Fund Shares." Dreyfus Service Corporation compensates certain Service Agents for selling Class B shares at the time of purchase from Dreyfus Service Corporation's own assets. The proceeds of the CDSC and the distribution fee, in part, are used to defray these expenses. In fiscal 1993, \$20,817 was retained by Dreyfus Service Corporation from the CDSC on Class B shares.

RIGHT OF ACCUMULATION -- CLASS A SHARES

Reduced sales loads apply to any purchase of Class A shares, shares of certain other funds advised by Dreyfus which are sold with a sales load or shares acquired by a previous exchange of shares purchased with a sales load (hereinafter referred to as "Eligible Funds"),

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by you and any related "purchaser" as defined in the Statement of Additional Information, where the aggregate investment, including such purchase, is \$50,000 or more. If, for example, you previously purchased and still hold Class A shares of the Fund, or of any other Eligible Fund or combination thereof, with an aggregate current market value of \$40,000 and subsequently purchase Class A shares of the Fund or an Eligible Fund having a current value of \$20,000, the sales load applicable to the subsequent purchase would be reduced to 4% of the offering price. All present holdings of Eligible Funds may be combined to determine the current offering price of the aggregate investment in ascertaining the sales load applicable to each subsequent purchase.

To qualify for reduced sales loads, at the time of a purchase you or your Service Agent must notify Dreyfus Service Corporation if

orders are made by wire, or the Transfer Agent if orders are made by mail. The reduced sales load is subject to confirmation of your holdings through a check of appropriate records.

DREYFUS TELETRANSFER PRIVILEGE

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

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

SHAREHOLDER SERVICES

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

EXCHANGE PRIVILEGE

The Exchange Privilege enables you to purchase, in exchange for Class A or Class B shares of the Fund, shares of the same Class in certain other funds managed or administered by Dreyfus, to the extent such shares are offered for sale in your state of residence. These funds have different investment objectives which may be of interest to you. If you desire to use this Privilege, you should consult your Service Agent or Dreyfus Service Corporation to determine if it is available and whether any conditions are imposed on its use.

To use this Privilege, you or your Service Agent acting on your behalf must give exchange instructions to the Transfer Agent in writing, by wire or by telephone. If you previously have established the Telephone Exchange Privilege, you may telephone exchange instructions by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. See "How to Redeem Fund Shares-Procedures." Before any exchange, you must obtain and should review a copy of the current prospectus of the fund into which the exchange is being made.

Prospectuses may be obtained from Dreyfus Service Corporation. Except in the case of Personal Retirement Plans, the shares being exchanged must have a current value of at least \$500; furthermore, when establishing a new account by exchange, the shares being exchanged must have a value of at least the minimum initial investment required for the fund into which the exchange is being made. Telephone exchanges may be made only if the appropriate "YES" box has been checked on the Account Application, or a separate signed Optional Services Form is on file with the Transfer Agent. Upon an exchange into a new account, the following

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

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

The exchange of shares of one fund for shares of another is treated for Federal income tax purposes as a sale of the shares given in

exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss.

DREYFUS AUTO-EXCHANGE PRIVILEGE

Dreyfus Auto-Exchange Privilege enables you to invest regularly (on a semimonthly, monthly, quarterly or annual basis), in exchange for Class A or Class B shares of the Fund, in shares of the same Class of certain other funds in the Dreyfus Family of Funds of which you are currently an investor. The amount you designate, which can be expressed either in terms of a specific dollar or share amount (\$100 minimum), will be exchanged automatically on the first and/or fifteenth of the month according to the schedule you have selected. Shares will be exchanged at the then-current net asset value; however, a sales load may be charged with respect to exchanges of Class A shares into funds sold with a sales load. No CDSC will be imposed on Class B shares at the time of an exchange; however, the Class B shares acquired through an exchange will be subject on redemption to the higher CDSC applicable to the exchanged shares or acquired shares. The CDSC applicable on redemption of the acquired Class B shares will be calculated from the date of the initial purchase of the Class B shares exchanged. See "Shareholder Services" in the Statement of Additional Information. The right to exercise this Privilege may be modified or cancelled by the Fund or the Transfer Agent. You may modify or cancel your exercise of this Privilege at any time by writing to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. The Fund may charge a service fee for the use of this Privilege. No such fee currently is contemplated. The exchange of shares of one fund for shares of another is treated for Federal income tax purposes as a sale of the shares given in exchange by the shareholder and, therefore, an exchanging shareholder may realize a taxable gain or loss. For more information concerning this Privilege and the funds in the Dreyfus Family of Funds eligible to participate in this Privilege, or to obtain a Dreyfus Auto-Exchange Authorization Form, please call toll free 1-800-645-6561.

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DREYFUS-AUTOMATIC ASSET BUILDER

Dreyfus-Automatic Asset Builder permits you to purchase Fund shares (minimum of \$100 and maximum \$150,000 per transaction) at regular intervals selected by you. Fund shares are purchased by transferring funds from the bank account designated by you. At your option, the bank account designated by you will be debited in the specified amount, and Fund shares will be purchased, once a month, on either the first or fifteenth day, or twice a month, on both days. Only an account maintained at a domestic financial institution which is an Automated Clearing House member may be so designated. To establish a Dreyfus-Automatic Asset Builder account, you must file an authorization form with the Transfer Agent. You may obtain the necessary authorization form from Dreyfus Service Corporation. You may cancel your participation in this Privilege or change the amount of purchase at any time by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671, or, if for Dreyfus retirement plan accounts, to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427, and the notification will be effective three business days following receipt. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

AUTOMATIC WITHDRAWAL PLAN

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

Class B shares withdrawn pursuant to the Automatic Withdrawal Plan will be subject to any applicable CDSC. Purchases of additional Class A shares where the sales load is imposed concurrently with withdrawals of Class A shares generally are undesirable. Any correspondence with respect to the Automatic Withdrawal Plan should be addressed to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671, or, if for Dreyfus retirement plan accounts, to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427.

DREYFUS DIVIDEND SWEEP PRIVILEGE

Dreyfus Dividend Sweep Privilege enables you to invest automatically dividends or dividends and capital gain distributions, if any, paid by the Fund in shares of the same Class of another fund in the Dreyfus Family of Funds of which you are a shareholder. Shares of the other fund will be purchased at the then-current net asset value; however, a sales load may be charged with respect to investments in Class A shares of a fund sold with a sales load. If you are investing in a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load. If you are investing in a fund or class that charges a CDSC, the shares purchased

will be subject on redemption to the CDSC, if any, applicable to the purchased shares. See "Shareholder Services" in the Statement of Additional Information. For more information concerning this Privilege and the funds in The Dreyfus Family of Funds eligible to participate in this Privilege, or to request a Dividend Sweep Authorization Form, please call toll free 1-800-645-6561. You may cancel this Privilege by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. To select a new fund after cancellation, you must submit a new authorization form. Enrollment in or cancellation of this Privilege is effective three business days following receipt. This Privilege is available only for existing accounts and may not be used to open new accounts. Minimum subsequent investments do not apply. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated. Shares held under Keogh Plans, IRAs or other retirement plans are not eligible for this Privilege.

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DREYFUS GOVERNMENT DIRECT DEPOSIT PRIVILEGE

Dreyfus Government Direct Deposit Privilege enables you to purchase Fund shares (minimum of \$100 and maximum of \$50,000 per transaction) by having Federal salary, Social Security, or certain veterans', military or other payments from the Federal government automatically deposited into your Fund account. You may deposit as much of such payments as you elect. To enroll in Dreyfus Government Direct Deposit, you must file with the Transfer Agent a completed Direct Deposit Sign-Up Form for each type of payment that you desire to include in this Privilege. The appropriate form may be obtained from Dreyfus Service Corporation. Death or legal incapacity will terminate your participation in this Privilege. You may elect at any time to terminate your participation by notifying in writing the appropriate Federal agency. Further, the Fund may terminate your participation upon 30 days' notice to you.

DREYFUS PAYROLL SAVINGS PLAN

Dreyfus Payroll Savings Plan permits you to purchase Fund shares (minimum of \$100 per transaction) automatically on a regular basis. Depending upon your employer's direct deposit program, you may have part or all of your paycheck transferred to your existing Dreyfus account electronically through the Automated Clearing House system at each pay period. To establish a Dreyfus Payroll Savings Plan account, you must file an authorization form with your employer's payroll department. Your employer must complete the reverse side of the form and return it to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. You may obtain the necessary authorization form from Dreyfus Service Corporation. You may change the amount of purchase or cancel the authorization only by written notification to your employer. It is the sole responsibility of your employer, not Dreyfus Service Corporation, Dreyfus, the Fund, the Transfer Agent or any other person, to arrange for transactions under the Dreyfus Payroll Savings Plan. The Fund may modify or terminate this Privilege at any time or charge a service fee. No such fee currently is contemplated.

RETIREMENT PLANS

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

LETTER OF INTENT -- CLASS A SHARES

By signing a Letter of Intent form, available from Dreyfus Service Corporation, you become eligible for the reduced sales load applicable to the total number of Eligible Fund shares purchased in a 13-month period pursuant to the terms and under the conditions set forth in the Letter of Intent. A minimum initial purchase of \$5,000 is required. To compute the applicable sales load, the offering price of shares you hold (on the date of submission of the Letter of Intent) in any Eligible Fund that may be used toward "Right of Accumulation" benefits described above may be used as a credit toward completion of the Letter of Intent. However, the reduced sales load will be applied only to new purchases.

The Transfer Agent will hold in escrow 5% of the amount indicated in the Letter of Intent for payment of a higher sales load if you do not purchase the full amount indicated in the Letter of Intent. The escrow will be released when you fulfill the terms of the Letter of Intent by purchasing the specified amount. If your purchases qualify for a further sales load reduction, the sales load will be adjusted to reflect your total purchase at the end of 13 months. If total purchases are less than the amount specified, you will be requested to remit an amount equal to the difference between the sales load actually paid and the sales load applicable to the aggregate purchases actually made. If such remittance is not received within 20 days, the Transfer Agent, as attorney-in-fact pursuant to the terms of the Letter of Intent, will redeem an appropriate number of Class A shares held in escrow to realize the difference. Signing a Letter

of Intent does not bind you to purchase, or the Fund to sell, the full amount indicated at the sales load in effect at the time of signing, but you must complete the intended purchase to obtain the reduced sales load. At the time you purchase Class A shares, you must indicate your intention to do so under a Letter of Intent.

HOW TO REDEEM FUND SHARES

GENERAL

You may request redemption of your Class A or Class B shares at any time. Redemption requests should be transmitted to the Transfer Agent as described below. When a request is received in proper form, the Fund will redeem the shares at the next determined net asset value as described below. If you hold Fund shares of more than one Class, any request for redemption must specify the Class of shares being redeemed. If you fail to specify the Class of shares to be redeemed or if you own fewer shares of the Class than specified to be redeemed, the redemption request may be delayed until the Transfer Agent receives further instructions from you or your Service Agent.

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

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

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

CONTINGENT DEFERRED SALES CHARGE -- CLASS B SHARES

A CDSC payable to Dreyfus Service Corporation is imposed on any redemption of Class B shares which reduces the current net asset value of your Class B shares to an amount which is lower than the dollar amount of all payments by you for the purchase of Class B shares of the Fund held by you at the time of redemption. No CDSC will be imposed to the extent that the net asset value of the Class B shares redeemed does not exceed (i) the current net asset value of Class B shares acquired through reinvestment of dividends or capital gain distributions, plus (ii) increases in the net asset value of your Class B shares above the dollar amount of all your payments for the purchase of Class B shares of the Fund held by you at the time of redemption.

If the aggregate value of the Class B shares redeemed has declined below their original cost as a result of the Fund's performance, a CDSC may be applied to the then-current net asset value rather than the purchase price.

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In circumstances where the CDSC is imposed, the amount of the charge will depend on the number of years from the time you purchased the Class B shares until the time of redemption of such shares. Solely for purposes of determining the number of years from the time of any payment for the purchase of Class B shares, all payments during a month will be aggregated and deemed to have been made on the first day of the month. The following table sets forth the rates of the CDSC:

<TABLE>

YEAR SINCE PURCHASE PAYMENT WAS MADE	CDSC AS A % OF AMOUNT INVESTED OR REDEMPTION PROCEEDS
First.....	4.00
Second.....	4.00
Third.....	3.00
Fourth.....	3.00
Fifth.....	2.00

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In determining whether a CDSC is applicable to a redemption, the calculation will be made in a manner that results in the lowest possible rate. It will be assumed that the redemption is made first of amounts representing shares acquired pursuant to the reinvestment of dividends and distributions; then of amounts representing the increase in net asset value of Class B shares above the total amount of payments for the purchase of Class B shares made during the preceding six years; then of amounts representing the cost of shares purchased six years prior to the redemption; and finally, of amounts representing the cost of shares held for the longest period of time within the applicable six-year period.

For example, assume an investor purchased 100 shares at \$10 per share for a cost of \$1,000. Subsequently, the shareholder acquired 5 additional shares through dividend reinvestment. During the second year after the purchase the investor decided to redeem \$500 of his or her investment. Assuming at the time of the redemption the net asset value had appreciated to \$12 per share, the value of the investor's shares would be \$1,260 (105 shares at \$12 per share). The CDSC would not be applied to the value of the reinvested dividend shares and the amount which represents appreciation (\$260). Therefore, \$240 of the \$500 redemption proceeds (\$500 minus \$260) would be charged at a rate of 4% (the applicable rate in the second year after purchase) for a total CDSC of \$9.60.

WAIVER OF CDSC

The CDSC will be waived in connection with (a) redemptions made within one year after the death or disability, as defined in Section 72(m)(7) of the Internal Revenue Code of 1986, as amended (the "Code"), of the shareholder, (b) redemptions by Eligible Benefit Plans, (c) redemptions as a result of a combination of any investment company with the Fund by merger, acquisition of assets or otherwise, (d) a distribution following retirement under a tax-deferred retirement plan or attaining age 70 1/2 in the case of an IRA or Keogh plan or custodial account pursuant to section 403(b) of the Code and (e) redemptions by such shareholders as the Securities and Exchange Commission or its staff may permit. If the Directors of the Fund determine to discontinue the waiver of the CDSC, the disclosure in the Fund's prospectus will be revised appropriately. Any Fund shares subject to a CDSC which were purchased prior to the termination of such waiver will have the CDSC waived as provided in the Fund's prospectus at the time of the purchase of such shares.

To qualify for a waiver of the CDSC, at the time of redemption you must notify the Transfer Agent or your Service Agent must notify Dreyfus Service Corporation. Any such qualification is subject to confirmation of your entitlement.

PROCEDURES

You may redeem shares by using the regular redemption procedure through the Transfer Agent or through the Dreyfus TELETRANSFER Privilege. Other redemption procedures may be in effect for investors who effect transactions in Fund shares through Service Agents. The Fund

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makes available to certain large institutions the ability to issue redemption instructions through compatible computer facilities.

Your redemption request may direct that the redemption proceeds be used to purchase shares of other funds advised or administered by Dreyfus that are not available through the Exchange Privilege. The applicable CDSC will be charged upon the redemption of Class B shares. Your redemption proceeds will be invested in shares of the other fund on the next business day. Before you make such a request, you must obtain and should review a copy of the current prospectus of the fund being purchased. Prospectuses may be obtained from Dreyfus Service Corporation. The prospectus will contain information concerning minimum investment requirements and other conditions that may apply to your purchase.

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

During times of drastic economic or market conditions, you may experience difficulty in contacting the Transfer Agent by telephone to request a Dreyfus TELETRANSFER redemption or exchange of Fund shares. In such cases, you should consider using the other redemption procedures

described herein. Use of these other redemption procedures may result in your redemption request being processed at a later time than it would have been if Dreyfus TELETRANSFER redemption had been used. During the delay, the Fund's net asset value may fluctuate.

REGULAR REDEMPTION

Under the regular redemption procedure, you may redeem your shares by written request mailed to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671, or, if for Dreyfus retirement plan accounts, to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427. Written redemption requests must specify the Class of shares being redeemed. Redemption requests may be delivered in person only to a Dreyfus Financial Center. THESE REQUESTS WILL BE FORWARDED TO THE FUND AND WILL BE PROCESSED ONLY UPON RECEIPT THEREBY. For the location of the nearest Dreyfus Financial Center, please call one of the telephone numbers listed under "General Information." Redemption requests must be signed by each shareholder, including each owner of a joint account, and each signature must be guaranteed. The Transfer Agent has adopted standards and procedures pursuant to which signature guarantees in proper form generally will be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program, the Securities Transfer Agents Medallion Program ("STAMP"), and the Stock Exchanges Medallion Program. If you have any questions with respect to signature-guarantees, please call one of the telephone numbers listed under "General Information."

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

DREYFUS TELETRANSFER PRIVILEGE

You may redeem Fund shares (minimum \$500) by telephone if you have checked the appropriate box and supplied the necessary information on the Fund's Account Application or have

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

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

REINVESTMENT PRIVILEGE -- CLASS A

You may reinvest up to the number of Class A shares you have redeemed, within 30 days of redemption, at the then-prevailing net asset value without a sales load, or reinstate your account for the purpose of exercising the Exchange Privilege. The Reinvestment Privilege may be exercised only once.

DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

The Class A and Class B shares are subject to a Shareholder Services Plan and the Class B shares only are subject to a Distribution Plan.

DISTRIBUTION PLAN

Under the Distribution Plan, adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund pays Dreyfus Service Corporation for advertising, marketing and distributing Class B shares at an annual rate of .75 of 1% of the value of the average daily net assets of Class B. Under the Distribution Plan, Dreyfus Service Corporation may make payments to Service Agents in respect of these services. Dreyfus Service Corporation determines the amounts to be paid to Service Agents. Service Agents receive such fees in respect of the average daily value of Class B shares owned by their clients. From time to time, Dreyfus Service Corporation may defer or waive receipt of fees under the Distribution Plan while retaining the ability to be paid by the Fund under the Distribution Plan thereafter. The fees payable to Dreyfus Service Corporation under the Distribution Plan for advertising, marketing and distributing Class B shares and for payments to Service Agents are payable without regard to actual expenses incurred.

SHAREHOLDER SERVICES PLAN

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

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DIVIDENDS, DISTRIBUTIONS AND TAXES

The Fund ordinarily pays dividends from net investment income and distributes net realized securities gains, if any, once a year, but it may make distributions on a more frequent basis to comply with the distribution requirements of the Code, in all events in a manner consistent with the provisions of the Investment Company Act of 1940. The Fund will not make distributions from net realized securities gains unless capital loss carryovers, if any, have been utilized or have expired. You may choose whether to receive dividends and distributions in cash or to reinvest in additional shares of the same class at net asset value without a sales load. All expenses are accrued daily and are deducted before the declaration of dividends. Dividends paid by each Class will be calculated at the same time and in the same manner and will be of the same amount, except that the expenses attributable solely to Class A or Class B will be borne exclusively by such Class. Class B shares will receive lower per share dividends than Class A shares because of the higher expenses borne by Class B. See "Fee Table."

Dividends derived from net investment income, together with distributions from net realized short-term securities gains and gains from the sale or other disposition of market discount bonds paid by the Fund, will be taxable to U.S. shareholders as ordinary income whether received in cash or reinvested in additional Fund shares. Distributions from net realized long-term securities gains of the Fund will be taxable to U.S. shareholders as long-term capital gains, regardless of how long shareholders have held their Fund shares and whether such distributions are received in cash or reinvested in additional Fund shares. The Code provides that the net capital gain of an individual generally will not be subject to Federal income tax at a rate in excess of 28%. Dividends, together with distributions may be subject to state and local taxes.

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

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

The Code provides for the "carryover" of some or all of the sales load imposed on Class A shares, if you exchange your Class A shares for shares in another Dreyfus fund within 91 days after purchase and the other Dreyfus fund reduces or eliminates its otherwise applicable load charge for the purpose of the exchange. In this case, the amount of sales load charged the investor for Class A shares, up to the amount of the reduction of the sales load charged, on the exchange, is not included in the basis of such investor's Class A shares for purposes of computing gain or loss on the exchange, and instead is added to the basis of the fund shares received in the exchange.

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

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dividend or interest income on a Federal income tax return. Furthermore,

the IRS may notify the Fund to institute backup withholding if the IRS determines that a shareholder's TIN is incorrect or if a shareholder has failed to properly report dividend and interest income on a Federal income tax return.

A TIN is either the Social Security number or employer identification number of the record owner of the account. Any tax withheld as a result of backup withholding does not constitute an additional tax imposed on the record owner of the account, and may be claimed as a credit on the record owner's Federal income tax return.

Management of the Fund believes that the Fund has qualified for the fiscal year ended September 30, 1993 as a "regulated investment company" under the Code. The Fund intends to continue to so qualify if such qualification is in the best interests of its shareholders. Such qualification relieves the Fund of any liability for Federal income tax to the extent its earnings are distributed in accordance with applicable provisions of the Code. In addition, the Fund is subject to a non-deductible 4% excise tax, measured with respect to certain undistributed amounts of taxable investment income and capital gains.

You should consult your tax adviser regarding specific questions as to Federal, state or local taxes.

PERFORMANCE INFORMATION

For purposes of advertising, performance for each Class of shares is calculated on the basis of average annual total return. Advertisements also may include performance calculated on the basis of total return. These total return figures reflect changes in the price of the shares and assume that any income dividends and/or capital gains distributions made by the Fund during the measuring period were reinvested in shares of the same Class. Class A average annual total return figures include the maximum initial sales charge and Class B average annual total return figures include any applicable CDSC. These figures also take into account any applicable service and distribution fees. As a result, at any given time, the performance of Class B should be expected to be lower than that of Class A. Performance for each Class will be calculated separately.

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

Total return is computed on a per share basis and assumes the reinvestment of dividends and distributions. Total return generally is expressed as a percentage rate which is calculated by combining the income and principal changes for a specified period and dividing by the maximum offering price per share at the beginning of the period. Advertisements may include the percentage rate of total return or may include the value of a hypothetical investment at the end of the period which assumes the application of the percentage rate of total return. Total return also may be calculated by using the net asset value per share at the beginning of the period instead of the maximum offering price per share at the beginning of the period for Class A shares or without giving effect to any applicable CDSC at the end of the period for Class B shares. Calculations based on the net asset value per share do not reflect the deduction of the applicable sales charge which, if reflected, would reduce the performance quoted.

Performance will vary from time to time and past results are not necessarily representative of future results. You should remember that performance is a function of portfolio manage-

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ment in selecting the type and quality of portfolio securities and is affected by operating expenses. Performance information, such as that described above, may not provide a basis for comparison with other investments or other investment companies using a different method of calculating performance.

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

GENERAL INFORMATION

The Fund was incorporated under Maryland law on December 3, 1983, and commenced operations on October 10, 1985. On February 3, 1993, the Fund, which is incorporated under the name Dreyfus Capital Value Fund, Inc., began operating under the name Dreyfus Capital Value Fund (A Premier Fund). The Fund is authorized to issue 200 million shares of Common Stock, par value \$.01 per share. The Fund's shares are classified into two classes. Each share has one vote and shareholders will vote in the aggregate and not by class except as otherwise required by law or

when class voting is permitted by the Board of Directors. However, holders of Class A and Class B shares will be entitled to vote on matters submitted to shareholders pertaining to the Shareholder Services Plan and only holders of Class B shares will be entitled to vote on matters submitted to shareholders pertaining to the Distribution Plan.

Unless otherwise required by the Investment Company Act of 1940, ordinarily it will not be necessary for the Fund to hold annual meetings of shareholders. As a result, Fund shareholders may not consider each year the election of Directors or the appointment of auditors. However, pursuant to the Fund's By-Laws, the holders of at least 10% of the shares outstanding and entitled to vote may require the Fund to hold a special meeting of shareholders for purposes of removing a Director from office and the holders of at least 25% of such shares may require the Fund to hold a special meeting of shareholders for any other purpose. Fund shareholders may remove a Director by the affirmative vote of a majority of the Fund's outstanding voting shares. In addition, the Board of Directors will call a meeting of shareholders for the purpose of electing Directors if, at any time, less than a majority of the Directors then holding office have been elected by shareholders.

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

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

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