

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

**DREYFUS ASSET ALLOCATION FUND INC**

CIK: **904818** | IRS No.: **133717433** | State of Incorpor.: **MD** | Fiscal Year End: **0430**  
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Mailing Address  
*C/O DREYFUS CORP  
200 PARK AVENUE  
NEW YORK NY 10166*

Business Address  
*144 GLENN CURTISS BLVD  
C/O DREYFUS CORP  
UNIONDALE NY 11556-0144  
2129226130*

Registration Nos. 33-62626  
811-7770

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 /X/

Pre-Effective Amendment No. / /

Post-Effective Amendment No. 4 /X/

and

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

Amendment No. 4 /X/

(Check appropriate box or boxes)

DREYFUS ASSET ALLOCATION FUND, INC.  
(Exact Name of Registrant as Specified in Charter)

c/o The Dreyfus Corporation  
200 Park Avenue, New York, New York 10166  
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (212)  
922-6130

Daniel C. Maclean III, Esq.  
200 Park Avenue  
New York, New York 10166  
(Name and Address of Agent for Service)

copy to:

Lewis G. Cole, Esq.  
Stroock & Stroock & Lavan  
7 Hanover Square  
New York, New York 10004-2594

Approximate Date of Proposed Public Offering: As soon as practicable after this Registration Statement is declared effective.

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

immediately upon filing pursuant to paragraph (b)

on (date) pursuant to paragraph (b)

60 days after filing pursuant to paragraph (a)

on (date) pursuant to paragraph (a) of Rule 485

Cross-Reference Sheet Pursuant to Rule 495(a)

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\*Omitted since answer is negative or inapplicable.

PROSPECTUS

\_\_\_\_\_, 1994

DREYFUS ASSET ALLOCATION FUND, INC.

Dreyfus Asset Allocation Fund, Inc. (the "Fund") is an open-end, management investment company, known as a mutual fund. The Fund permits you to invest in three separate non-diversified portfolios (each, a "Portfolio"): Dreyfus Total Return Portfolio, which seeks to maximize total return; Dreyfus Income Portfolio, which seeks to maximize current income, with a secondary goal of capital appreciation; and Dreyfus Growth Portfolio, which seeks capital appreciation. Each portfolio will follow an investment strategy that actively allocates the Portfolio's assets among common stocks, U.S. Treasury Notes and Bonds and short-term money market instruments. In addition to usual investment practices, each Portfolio may use speculative investment techniques such as short-selling, borrowing for investment purposes, and futures and options transactions.

You can invest, reinvest or redeem shares at any time without charge or penalty imposed by the Fund. You can purchase or redeem shares by telephone using Dreyfus TeleTransfer.

The Dreyfus Corporation professionally manages each Portfolio.

Shares of each Portfolio bear certain costs pursuant to a Distribution Plan adopted in accordance with Rule 12b-1 under the Investment Company Act of 1940 and a Shareholder Services Plan.

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 \_\_\_\_\_, 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.

MUTUAL FUND 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 NET ASSET VALUE OF FUNDS OF THIS TYPE WILL FLUCTUATE FROM TIME TO TIME.

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

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

	Dreyfus Total Return Portfolio	Dreyfus Income Portfolio	Dreyfus Growth Portfolio
Management Fees	.75%	.75%	.75%
12b-1 Fees	.50%	.50%	.50%
Other Expenses	.61%	.61%	.61%
Total Portfolio Operating Expenses	1.86%	1.86%	1.86%

Example:

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

1 Year . . . . .	\$19	\$19	\$19
3 Years . . . . .	\$58	\$58	\$58
5 Years. . . . .	\$101	\$101	\$101
10 Years. . . . .	\$218	\$218	\$218

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, EACH

PORTFOLIO'S ACTUAL PERFORMANCE WILL VARY AND MAY RESULT IN AN ACTUAL RETURN GREATER OR LESS THAN 5%.

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

#### CONDENSED FINANCIAL INFORMATION

The information in the following table has been audited by Ernst & Young LLP, 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. No financial data is available for the Dreyfus Income Portfolio and the Dreyfus Growth Portfolio which had not commenced operations as of the date of this Prospectus.

#### 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 the period July 1, 1993 (commencement of operations) to April 30, 1994 for the Fund. This information has been derived from information provided in the Fund's financial statements.



PER SHARE DATA:

Net asset value, beginning of period. . . . .	\$12.50
Investment Operations:	
Investment income--net. . . . .	.24
Net realized and unrealized gain (loss) on investments. . . . .	(.11)
Total from Investment Operations . . . . .	.13

DISTRIBUTIONS:

Dividends from investment income-net. . . . .	(.13)
Dividends from net realized gain on investments . . . . .	(.01)
Total Distributions . . . . .	(.14)
Net asset value, end of period. . . . .	\$12.49

TOTAL INVESTMENT RETURN . . . . . .99%\*

RATIOS / SUPPLEMENTAL DATA:

Ratio of operating expenses to average net assets. . . . .	.16%*
Ratio of net investment income to average net assets . . . . .	2.48%*
Decrease reflected in above expense ratio due to undertaking by The Dreyfus Corporation. . . . .	1.58%*
Portfolio Turnover Rate. . . . .	----
Net Assets, end of period (000's omitted). . . . .	\$51,063

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\* Not annualized.

Further information about the Fund's performance is contained in the Fund's annual report for the fiscal year ending April 30, 1994, and may be obtained without charge by writing to the address or calling the number set forth on the cover page of this Prospectus.

DESCRIPTION OF THE FUND

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

Investment Objectives--Dreyfus Total Return Portfolio seeks to maximize total return, consisting of capital appreciation and current income. Dreyfus Income Portfolio seeks to maximize current income, with a secondary goal of capital appreciation. Dreyfus Growth Portfolio seeks capital appreciation. Each Portfolio's investment objective cannot be changed without approval by the holders of a majority (as defined in the Investment Company Act of 1940) of such Portfolio's outstanding voting shares. There can be no assurance that a Portfolio's investment objective will be achieved.

Management Policies--Each Portfolio seeks to achieve its investment objective by following an asset allocation strategy that contemplates shifts, which may be frequent, among common stocks, U.S. Treasury Notes and Bonds with remaining maturities at the time of purchase of at least one year, and short-term money market instruments. The Portfolio's differ only with respect to the types of common stocks in which they may invest and their asset class weightings.

Dreyfus Total Return Portfolio's asset class weightings, under normal circumstances, are anticipated to be 55% in common stocks, 35% in U.S. Treasury Notes and Bonds and 10% in short-term money market instruments. The Portfolio's investments in common stocks will consist of those included in the Standard & Poor's 500 Stock Index\* (the "S&P 500 Index").

\* "Standard & Poor's," "S&P 500Registered sign are trademarks of Standard & Poors's Corporation. The Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's Corporation.

Dreyfus Income Portfolio's asset class weightings, under normal circumstances, are anticipated to be 55% in U.S. Treasury Notes and Bonds, 35% in common stocks and 10% in short-term money market instruments. The Portfolio's investments in common stocks will consist of those included in the S&P 500 Index.

Dreyfus Growth Portfolio's asset class weightings, under normal circumstances, are anticipated to be 80% in common stocks and 20% in debt instruments consisting of U.S. Treasury Notes and Bonds and short-term money market instruments. The Portfolio's investments in common stocks will consist of those included in the Wilshire 4500 Index, which is composed of common stocks of approximately 6,000 predominantly medium- and small-capitalization companies that are not included in the S&P 500 Index.

The Dreyfus Corporation has broad latitude in selecting the class of investments and market sectors in which each Portfolio will invest. Each Portfolio will not be managed as a balanced portfolio and is not required to maintain a portion of its investments in each of its permitted investment types at all times. Thus, during the course of a business cycle, for example, a Portfolio may invest solely in common stocks (except for Dreyfus Income Portfolio), U.S. Treasury Notes and Bonds or short-term money market instruments, or in a combination of these classes of investments. The asset allocation mix for each Portfolio will be determined by The Dreyfus Corporation at any given time in light of its assessment of current economic conditions and investment opportunities. Some of the factors that The Dreyfus Corporation may consider in determining each Portfolio's asset allocation mix include the following: (1) level and direction of long-term interest rates versus short-term interest rates; (2) historical investment returns for each asset class in which the Fund can invest relative to the prevailing business cycle; and (3) general economic conditions, such as current inflation, unemployment and capacity utilization figures, that could affect investments. The asset allocation mix selected will be a primary determinant of a Portfolio's investment performance. Under certain market conditions, limiting a Portfolio's asset allocation among these asset classes may inhibit its ability to achieve its investment objective.

Common Stocks--The common stocks in which the Dreyfus Total Return Portfolio and the Dreyfus Income Portfolio invest will consist of those included in the S&P 500 Index. The common stocks in which the Dreyfus Growth Portfolio invests will consist of those included in the Wilshire 4500 Index.

U.S. Treasury Notes and Bonds--Each Portfolio invests in U.S. Treasury Notes and Bonds with remaining maturities at the time of purchase by the Portfolio of at least one year. Under normal circumstances, the dollar-weighted average maturity of this portion of each Portfolio's investments is expected to range between 3 and 10 years.

Money Market Instruments--The short-term money market instruments in which each Portfolio invests consist of 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, and repurchase agreements, as set forth under "Certain Portfolio Securities" below. A Portfolio may invest up to 100% of its assets in money

market instruments, but at no time will such Portfolio's investments in bank obligations, including time deposits, exceed 25% of its assets.

## Investment Techniques

Each Portfolio also may engage in various investment and hedging techniques such as leveraging, short-selling, options and futures transactions, and lending portfolio securities, each of which involves risk. See "Risk Factors" below. Options and futures transactions involve so-called "derivative securities."

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

Among the forms of borrowing in which each Portfolio may engage is the entry into reverse repurchase agreements with banks, brokers or dealers. These transactions involve the transfer by a Portfolio of an underlying debt instrument in return for cash proceeds based on a percentage of the value of the security. The Portfolio retains the right to receive interest and principal payments on the security. At an agreed upon future date, the Portfolio repurchases the security at principal, plus accrued interest. In certain types of agreements, there is no agreed upon repurchase date and interest payments are calculated daily, often based on the prevailing overnight repurchase rate. Each Portfolio will maintain in a segregated custodial account cash or U.S. Government securities

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

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

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

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

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

The Fund anticipates that the frequency of short sales on behalf of a Portfolio will vary substantially under different market conditions, and it does not intend that any specified portion of a Portfolio's assets, as a matter of practice, will be invested in short sales. However, no securities will be sold short if, after effect is given to any such short sale, the total market value of all securities sold short by a Portfolio would exceed 25% of the value of such Portfolio's net assets.

In addition to the short sales discussed above, each Portfolio may make short sales "against the box," a transaction in which the Portfolio enters into a short sale of a security which the Fund owns. The proceeds of the short sale will be 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 a Portfolio's net assets in deposits on short sales against the box.

Call and Put Options on Specific Securities--Each Portfolio may invest up to 5% of its assets, represented by the premium paid, in the purchase of call and put options in respect of specific securities (or groups or "baskets" of specific securities) in which the Portfolio may invest. Each Portfolio may write covered call and put option contracts to the extent of 20% of the value of its net assets at the time such option contracts are written. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security or securities at the exercise price at any time during the option period. Conversely, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security or securities at the exercise price at any time during the option period. A covered call option sold by a Portfolio, which is a call option with respect to which the Portfolio owns the underlying security or securities, exposes the Portfolio during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or securities or to possible continued holding of a security or securities which might otherwise have been sold to protect against depreciation in the market price thereof. A covered put option sold by a Portfolio exposes the

Portfolio during the term of the option to a decline in price of the underlying security or securities. A put option sold by a Portfolio is covered when, among other things, cash or liquid securities are placed in a segregated account with the Fund's custodian to fulfill the obligation undertaken.

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

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

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

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

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



predicting changes in the price of individual stocks.

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

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

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

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



process known as "marking-to-market." At any time prior to the expiration of a futures contract, the Portfolio may elect to close the position by taking an opposite position at the then prevailing price, which will operate to terminate the Portfolio's existing position in the contract.

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

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

is established.

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

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

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

Stock Index Futures and Options on Stock Index Futures--Each Portfolio may purchase and sell stock index futures contracts and options on stock index futures contracts.

A stock index future obligates the seller to deliver (and the purchaser to take) an amount of cash equal to a specific

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

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

Interest Rate Futures Contracts and Options on Interest Rate Futures Contracts--Each Portfolio may invest in interest rate futures contracts and options on interest rate futures contracts as a substitute for a comparable market position and to hedge against adverse movements in interest rates.

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

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

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

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

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

Future Developments--Each Portfolio may take advantage of opportunities in the area of options and futures contracts and options on futures contracts and any other derivative 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 Portfolio's investment objective and legally permissible for the Portfolio. Before entering into such transactions or making any such investment on behalf of a Portfolio, the Fund will provide appropriate disclosure in its prospectus.

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

engaged in a portfolio loan transaction breaches its agreement with the Portfolio.

Forward Commitments-- Each Portfolio may purchase debt securities on a when-issued or forward commitment basis, which means that the price is fixed at the time of commitment, but delivery and payment ordinarily take place a number of days after the date of the commitment to purchase. A Portfolio will make commitments to purchase such securities only with the intention of actually acquiring the securities, but the Portfolio may sell these securities before the settlement date if it is deemed advisable. A Portfolio 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 debt securities held by the Fund 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 a Portfolio to risk because they may experience such fluctuations prior to their actual delivery. Purchasing debt 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 debt securities on a when-issued or forward commitment basis when a Portfolio is fully or almost fully invested may result in greater potential fluctuation in the value of the Portfolio's net assets and its net asset value per share.

#### Certain Portfolio Securities

U.S. Government Securities--Each Portfolio may purchase securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, which include U.S. Treasury securities that differ in their interest rates, maturities and times of issuance. Treasury Bills have initial maturities of one year or less; Treasury Notes have initial maturities of one to ten years; and Treasury Bonds generally have initial maturities of greater than ten years. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, for example, Government National Mortgage Association pass-through

certificates, are supported by the full faith and credit of the U.S. Treasury; others, such as those of the Federal Home Loan Banks, by the right of the issuer to borrow from the U.S. Treasury; others, such as those issued by the Federal National Mortgage Association, by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others, such as those issued by the Student Loan Marketing Association, only by the credit of the agency or instrumentality. These securities bear fixed, floating or variable rates of interest. Principal and interest may fluctuate based on generally recognized reference rates or the relationship of rates. While the U.S. Government provides financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, because the U.S. Government is not obligated to do so by law.

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

Repurchase Agreements--Repurchase agreements involve the acquisition by a Portfolio of an underlying debt instrument, subject to an obligation of the seller to repurchase, and the Portfolio to resell, the instrument at a fixed price, usually not more than one week after its purchase. The Fund's custodian or subcustodian will have custody of, and will hold in a segregated account, securities acquired by a Portfolio under a repurchase agreement. Repurchase agreements are considered by the staff of the Securities and Exchange Commission to be loans by the Portfolio which enters into them. In an attempt to reduce the risk of incurring a loss on a repurchase agreement, a Portfolio will enter into repurchase agreements only with domestic banks with total assets in excess of \$1 billion or primary government securities dealers reporting to the Federal Reserve Bank of New York, with respect to securities of the type in which the Portfolio may invest, and will require that additional securities be deposited with it if the value of the securities purchased

should decrease below resale price. The Dreyfus Corporation will monitor on an ongoing basis the value of the collateral to assure that it always equals or exceeds the repurchase price. Certain costs may be incurred in connection with the sale of the securities if the seller does not repurchase them in accordance with the repurchase agreement. In addition, if bankruptcy proceedings are commenced with respect to the seller of the securities, realization on the securities by the Portfolio may be delayed or limited. The Fund will consider on an ongoing basis the creditworthiness of the institutions with which a Portfolio enters into repurchase agreements.

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

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

Time deposits are non-negotiable deposits maintained in a banking institution for a specified period of time at a stated interest rate. Time deposits which may be held by each Portfolio will not benefit from insurance from the Bank Insurance Fund or the Savings Association Insurance Fund administered by the Federal Deposit Insurance Corporation. Each Portfolio will not invest more than 15% of the value of its net assets in time deposits that are illiquid and in other illiquid securities.

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



Commercial Paper and Other Short-Term Corporate Obligations-- Commercial paper consists of short-term, unsecured promissory notes issued to finance short-term credit needs. The commercial paper purchased by a Portfolio will consist only of direct obligations which, at the time of their purchase, are (a) rated not lower than Prime-1 by Moody's Investors Service, Inc. ("Moody's"), A-1 by S&P, F-1 by Fitch Investors Service, Inc. ("Fitch") or Duff-1 by Duff & Phelps, Inc. ("Duff"), (b) issued by companies having an outstanding unsecured debt issue currently rated not lower than Aa3 by Moody's or AA- by S&P, Fitch or Duff, or (c) if unrated, determined by The Dreyfus Corporation to be of comparable quality to those rated obligations which may be purchased by the Portfolio. Each Portfolio may purchase floating and variable rate demand notes and bonds, which are obligations ordinarily having stated maturities in excess of one year, but which permit the holder to demand payment of principal at any time or at specified intervals. Variable rate demand notes include variable amount master demand notes, which are obligations that permit the Portfolios to invest fluctuating amounts at varying rates of interest pursuant to direct arrangements between the Fund, as lender, and the borrower. These notes permit daily changes in the amounts borrowed. As mutually agreed between the parties, the Fund may increase the amount under the notes at any time up to the full amount provided by the note agreement, or decrease the amount, and the borrower may repay up to the full amount of the note without penalty. Because these obligations are direct lending arrangements between the lender and borrower, it is not contemplated that such instruments generally will be traded, and there generally is no established secondary market for these obligations, although they are redeemable at face value, plus accrued interest, at any time.

Accordingly, where these obligations are not secured by letters of credit or other credit support arrangements, the Fund's right to redeem is dependent on the ability of the borrower to pay principal and interest on demand. In connection with floating and variable rate demand obligations, The Dreyfus Corporation will consider, on an ongoing basis, earning power, cash flow and other liquidity ratios of the borrower, and the borrower's ability to pay principal and interest on demand. Such obligations frequently are not rated by credit rating agencies, and the Portfolios may invest in them only if at the time of an investment the borrower meets the criteria set forth above for other commercial paper issuers.

Illiquid Securities--Each Portfolio may invest up to 15% of the value of its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Portfolio's investment objective. Such securities may include securities that are not readily



marketable, such as certain securities that are subject to legal or contractual restrictions on resale, 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, a Portfolio is subject to a risk that should the Fund desire to sell them when a ready buyer is not available at a price the Fund deems representative of their value, the value of the Portfolio's net assets could be adversely affected. When purchasing securities that have not been registered under the Securities Act of 1933, as amended, and are not readily marketable, the Fund will endeavor to obtain the right to registration at the expense of the issuer. Generally, there will be a lapse of time between the Fund's decision to sell any such security and the registration of the security permitting sale. During any such period, the price of the securities will be subject to market fluctuations. 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 The Dreyfus Corporation to monitor carefully each Portfolio's investments in such securities with particular regard to trading activity, availability of reliable price information and other relevant information. To the extent that, for a period of time, qualified institutional buyers cease purchasing such restricted securities pursuant to Rule 144A, the Portfolio's investing in such securities may have the effect of increasing the level of illiquidity in such Portfolio's investments during such period.

#### Certain Fundamental Policies

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

#### Certain Additional Non-Fundamental Policies

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

## Risk Factors

**Certain Investment Techniques**--The use of investment techniques such as short-selling, engaging in financial futures and options 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 a Portfolio's net asset value fluctuates. Portfolio turnover may vary from year to year, as well as within a year. Under normal market conditions, the portfolio turnover rate of a Portfolio generally will not exceed 100%. Higher portfolio turnover rates are likely to result in comparatively greater brokerage commissions or transaction costs. See "Portfolio Transactions" in the Fund's Statement of Additional Information.

The Fund's ability to engage in certain short-term transactions may be limited by the requirement that, to qualify as a regulated investment company, each Portfolio must earn less than 30% of its gross income from the disposition of securities held for less than three months. This 30% test limits the extent to which a Portfolio may sell securities held for less than three months, effect short sales of securities held for less than three months, write options expiring in less than three months and invest in certain futures contracts, among other strategies. However, portfolio turnover will not otherwise be a limiting factor in making investment decisions.

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

**Fixed-Income Securities**--Investors should be aware that 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. Thus, if interest rates have increased from the time a security was purchased, such security, if sold, might be sold at a price less than its cost. Similarly, if interest rates have declined from the time a security was purchased, such security, if sold, might be sold at a price greater than its cost. In either instance, if the security was purchased at face value and held to maturity, no gain or loss would be realized. The value of U.S. Treasury securities also will be affected by the supply and demand, as well as the perceived supply and demand, for such securities.

Investing in Foreign Securities--Since the stocks of some foreign issuers are included in the S&P 500 Index and the Wilshire 4500 Index, a Portfolio's investments may contain securities of such foreign issuers which may subject the Portfolios to additional investment risks with respect to those securities that are different in some respects from those incurred by a fund which invests only in securities of domestic issuers. Such risks include future political and economic developments, the possible imposition of withholding taxes on income payable on the securities, the possible establishment of exchange controls or the adoption of other foreign governmental restrictions which might adversely affect an investment in these securities and the possible seizure or nationalization of foreign deposits. No Portfolio will invest more than 20% of the value of its assets in the common stocks of foreign issuers. See "Certain Portfolio Securities--Bank Obligations" above.

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

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, each Portfolio may be required to distribute such income accrued with respect to these securities and may have to dispose of such securities under disadvantageous circumstances in order to generate cash to satisfy these distribution requirements.

The Fund's classification as a "non-diversified" investment company means that the proportion of each Portfolio's

assets that may be invested in the securities of a single issuer is not limited by the Investment Company Act of 1940. A "diversified investment company is required by the Investment Company Act of 1940 generally, with respect to 75% of its total assets, to invest not more than 5% of such assets in the securities of a single issuer and to hold not more than 10% of the outstanding voting securities of a single issuer. However, each Portfolio intends to conduct its operations so as to qualify as a "regulated investment company" for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), which requires that, at the end of each quarter of its taxable year, (i) at least 50% of the market value of each Portfolio's total assets be invested in cash, U.S. Government securities, the securities of other regulated investment companies and other securities, with such other securities of any one issuer limited for the purposes of this calculation to an amount not greater than 5% of the value of each Portfolio's total assets and 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of each Portfolio's total assets be invested in the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies). Since a relatively high percentage of the Fund's assets may be invested in the securities of a limited number of issuers, some of which may be within the same industry or economic sector, the Fund's securities may be more susceptible to any single economic, political or regulatory occurrence than the securities of a diversified investment company.

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

#### MANAGEMENT OF THE FUND

The Dreyfus Corporation, located at 200 Park Avenue, New York, New York 10166, was formed in 1947 and serves as the Fund's investment adviser. The Dreyfus Corporation is a wholly-owned subsidiary of Mellon Bank, N.A., which is a wholly-owned subsidiary of Mellon Bank Corporation ("Mellon"). As of July 31, 1994, The Dreyfus Corporation managed or administered approximately \$70 billion in assets for more than 1.9 million investor accounts nationwide.

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

Mellon is a publicly owned multibank holding company incorporated under Pennsylvania law in 1971 and registered under the Federal Bank Holding Company Act of 1956, as amended. Mellon provides a comprehensive range of financial products and services in domestic and selected international markets. Mellon is among the twenty-five largest bank holding companies in the United States based on total assets. Mellon's principal wholly-owned subsidiaries are Mellon Bank, N.A., Mellon Bank (DE) National Association, Mellon Bank (MD), The Boston Company, Inc., AFCO Credit Corporation and a number of companies known as Mellon Financial Services Corporations. Through its subsidiaries, Mellon managed more than \$130 billion in assets as of July 31, 1994, including approximately \$6 billion in mutual fund assets. As of June 30, 1994, various subsidiaries of Mellon provided non-investment services, such as custodial or administration services, for more than \$747 billion in assets, including \$97 billion in mutual fund assets.

Under the terms of the Management Agreement, the Fund has agreed to pay The Dreyfus Corporation a monthly fee at the annual rate of .75 of 1% of the value of each Portfolio's average daily net assets. The management fee is higher than that paid by most other investment companies. From time to time, The Dreyfus Corporation may waive receipt of its fees and/or voluntarily assume certain expenses of 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 The Dreyfus Corporation at a later time for any amounts it may waive, nor will the Fund reimburse The Dreyfus Corporation for any amounts it may assume. For the period July 1, 1993 (commencement of operations) through April 30, 1994, no management fee was paid by

the Fund with respect to the Dreyfus Total Return Portfolio.

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

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

The Dreyfus Corporation may pay the Fund's Distributor for shareholder services from The Dreyfus Corporation's own assets, including the management fee paid by the Fund. The Distributor may use part or all of such payments to pay securities dealers or others in respect of these services.

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 Premier Mutual Fund Services, Inc. (the "Distributor"), located at One Exchange Place, Boston, Massachusetts 02109. The Distributor is a wholly-owned subsidiary of Institutional Administration Services, Inc., a provider of mutual fund administration services, the parent company of which is Boston Institutional Group, Inc.

You can purchase Portfolio shares through the Distributor or certain financial institutions, securities dealers and other industry professionals (collectively, "Service Agents") that have entered into agreements with the Distributor. 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 The Dreyfus Corporation or any of its affiliates or subsidiaries, directors of The Dreyfus Corporation, Board members of a fund advised by The Dreyfus Corporation, including members of the Fund's Board, or the spouse or minor child of any of the foregoing, the minimum initial investment is \$1,000. For full-time or part-time employees of The Dreyfus Corporation or any of its affiliates or subsidiaries who elect to have a portion of their pay directly deposited into their Fund account, the minimum initial investment is \$50. The Fund reserves the right to offer Portfolio shares without regard to minimum purchase requirements to employees participating in certain qualified or non-qualified employee benefit plans or other programs where contributions or account information can be transmitted in a manner and form acceptable to the Fund. The Fund reserves the right to vary further the initial and subsequent investment minimum requirements at any time.

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



Box 105, Newark, New Jersey 07101-0105. For Dreyfus retirement plan accounts, both initial and subsequent investments should be sent to The Dreyfus Trust Company, Custodian, P.O. Box 6427, Providence, Rhode Island 02940-6427. Neither initial nor subsequent investments should be made by third party check. Purchase orders may be delivered in person only to a Dreyfus Financial Center. These orders will be forwarded to the Fund and will be processed only upon receipt thereby. For the location of the nearest Dreyfus Financial Center, please call one of the telephone numbers listed under "General Information."

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

DDA# 8900118202/Dreyfus Asset Allocation Fund,  
Inc./Dreyfus Total Return Portfolio

DDA# /Dreyfus Asset Allocation Fund,  
Inc./Dreyfus Income Portfolio

DDA# /Dreyfus Asset Allocation Fund,  
Inc./Dreyfus Growth Portfolio

The wire must include your Fund account number (for new accounts, your Taxpayer Identification Number ("TIN") should be included instead), account registration and dealer number, if applicable. If your initial purchase of 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."

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 Shareholder Services Plan. Each Service Agent has agreed to transmit to its clients a schedule of such fees. You should consult your Service Agent in this regard.

The Distributor may pay dealers a fee of up to .5% of the amount invested through such dealers in Portfolio shares by 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 investment in the Dreyfus Family of Funds or certain other products made available by the Distributor 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 Fund shares are first purchased by or on behalf of employees participating in such plan or program and on each subsequent January 1st. 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 purchase of Portfolio shares. The Distributor reserves the right to cease paying these fees at any time. The Distributor 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.

Shares of each Portfolio are sold on a continuous basis at net asset value per share next determined after an order in proper form is received by the Transfer Agent or other agent. Net asset value per share is determined as of the close of trading on the floor of the New York Stock Exchange (currently 4:00 p.m., New York time), on each day the New York Stock Exchange is open for business. For purposes of determining net asset value, options and futures contracts will be valued 15 minutes after the close of trading on the floor of the New York Stock Exchange. Net asset value per share is computed by dividing the value of the Portfolio's net assets (i.e., the value of its assets less liabilities) by the total number of such Portfolio's shares outstanding. Each Portfolio's investments are valued each business day generally by using available market

quotations or at fair value which may be determined by one or more pricing services approved by the Board of Directors. For further information regarding the methods employed in valuing the Portfolios' investments, see "Determination of Net Asset Value" in the Fund's Statement of Additional Information.

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

#### Dreyfus TeleTransfer Privilege

You may purchase 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 a Shareholder 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 Portfolio 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 in this Prospectus. You should consult your Service Agent in this regard.

#### Exchange Privilege

The Exchange Privilege enables you to purchase, in exchange for shares of a Portfolio, shares in one of the other Portfolios or shares of certain other funds managed or administered by The Dreyfus Corporation, to the extent such shares are offered for sale in your state of residence. These

funds have different investment objectives which may be of interest to you. The exchange privilege may be exercised twice during the calendar year as described below. If you desire to use this Privilege, you should consult your Service Agent or the Distributor to determine if it is available and whether any other 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 into a fund offered by another prospectus, 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 Shareholder Services Form is on file with the Transfer Agent. Upon an exchange into a new account, the following shareholder services and privileges, as applicable and where available, will be automatically carried over to the fund into which the exchange is made: the Exchange Privilege, Wire Redemption Privilege, Telephone Redemption Privilege, Dreyfus TeleTransfer Privilege and the dividend/capital gain distribution option (except for Dreyfus Dividend Sweep) selected by the investor.

Shares will be exchanged at the next determined net asset value; however, a sales load may be charged with respect to exchanges into funds sold with a sales load. If you are exchanging into a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load, if the shares of the fund from which you are exchanging were: (a) purchased with a sales load, (b) acquired by a previous exchange from shares of the fund purchased with a sales load, or (c) acquired through reinvestment of dividends or distributions paid with respect to the foregoing categories of shares. To qualify, at the time of your exchange you must notify the Transfer Agent or your Service Agent must notify the Distributor. Any such qualification is subject to confirmation of your holdings through a check of appropriate records. See "Shareholder Services" in the Statement of

Additional Information. No fees currently are charged shareholders directly in connection with exchanges, although the Fund reserves the right, upon not less than 60 days' written notice, to charge shareholders a nominal fee in accordance with rules promulgated by the Securities and Exchange Commission. The Fund reserves the right to reject any exchange request in whole or in part. The Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

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

#### Dreyfus Auto-Exchange Privilege

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

#### Dreyfus-Automatic Asset Builder

Dreyfus-Automatic Asset Builder permits you to purchase

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

#### Dreyfus Government Direct Deposit Privilege

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

#### Dreyfus Dividend Options

Dreyfus Dividend Sweep Privilege enables you to invest automatically dividends or dividends and capital gain distributions, if any, paid by a Portfolio in shares of another Portfolio of the Fund or shares of another fund in the Dreyfus Family of Funds of which you are a shareholder. Shares of the other fund will be purchased at the then-current net asset value; however, a sales load may be charged with respect to investments

in shares of a fund sold with a sales load. If you are investing in a fund that charges a sales load, you may qualify for share prices which do not include the sales load or which reflect a reduced sales load. If you are investing in a fund that charges a contingent deferred sales charge, the shares purchased will be subject on redemption to the contingent deferred sales charge, if any, applicable to the purchased shares. See "Shareholder Services" in the Statement of Additional Information. Dreyfus Dividend ACH permits a shareholder to transfer electronically on the payment date their dividends or dividends and capital gains, if any, from the Fund to a designated bank account. Only an account maintained at a domestic financial institution which is an Automated Clearing House member may be so designated. Banks may charge a fee for this service.

For more information concerning these Privileges or to request a Dividend Options Form, please call toll free 1-800-645-6561. You may cancel these Privileges by mailing written notification to The Dreyfus Family of Funds, P.O. Box 9671, Providence, Rhode Island 02940-9671. Enrollment in or cancellation of these Privileges is effective three business days following receipt. These Privileges are available only for existing accounts and may not be used to open new accounts. Minimum subsequent investments do not apply for Dreyfus Dividend Sweep. The Fund may modify or terminate these Privileges at any time or charge a service fee. No such fee currently is contemplated. Shares held under Keogh Plans or IRAs are not eligible for Dreyfus Dividend Sweep.

#### Dreyfus Payroll Savings Plan

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

## Automatic Withdrawal Plan

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

## Retirement Plans

The Fund offers a variety of pension and profit-sharing plans, including Keogh Plans, IRAs, SEP-IRAs and IRA "Rollover Accounts," 401(k) Salary Reduction Plans and 403(b)(7) Plans. Plan support services also are available. You can obtain details on the various plans by calling the following numbers toll free: for Keogh Plans, please call 1-800-358-5566; for IRAs and IRA "Rollover Accounts," please call 1-800-645-6561; and for SEP-IRAs, 401(k) Salary Reduction Plans and 403(b)(7) Plans, please call 1-800-322-7880.

## HOW TO REDEEM FUND SHARES

### General

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

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

The Fund ordinarily will make payment for all shares redeemed within seven days after receipt by the Transfer Agent of a redemption request in proper form, except as provided by the rules of the Securities and Exchange Commission. However, if you



have purchased Fund shares by check, by Dreyfus TeleTransfer Privilege or through Dreyfus-Automatic Asset Builder and subsequently submit a written redemption request to the Transfer Agent, the redemption proceeds will be transmitted to you promptly upon bank clearance of your purchase check, Dreyfus TeleTransfer purchase or Dreyfus-Automatic Asset Builder order, which may take up to eight business days or more. In addition, the Fund will reject requests to redeem shares by wire or telephone or pursuant to the Dreyfus TeleTransfer Privilege for a period of eight business days after receipt by the Transfer Agent of the purchase check, the Dreyfus TeleTransfer purchase or the Dreyfus-Automatic Asset Builder order against which such redemption is requested. These procedures will not apply if your shares were purchased by wire payment, or if you otherwise have a sufficient collected balance in your account to cover the redemption request. Prior to the time any redemption is effective, dividends on such shares will accrue and be payable, and you will be entitled to exercise all other rights of beneficial ownership. Fund shares will not be redeemed until the Transfer Agent has received your Account Application.

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

#### Procedures

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

You may redeem or exchange shares by telephone if you have checked the appropriate box on the Fund's Account Application or have filed a Shareholder Services Form with the Transfer Agent. If you select a telephone redemption or exchange privilege, you authorize the Transfer Agent to act on telephone instructions from any person representing himself or herself to be you, or a representative of your Service Agent, and reasonably believed by the Transfer Agent to be genuine. The Fund will require the Transfer Agent to employ reasonable procedures, such as requiring a form of personal identification, to confirm that instructions are genuine and, if it does not follow such procedures, the Fund or the Transfer Agent may be liable for any losses due to unauthorized or fraudulent instructions. Neither



the Fund nor the Transfer Agent will be liable for following telephone instructions reasonably believed to be genuine.

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

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

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

Wire Redemption Privilege--You may request by wire or telephone that redemption proceeds (minimum \$1,000) be wired to your account at a bank which is a member of the Federal Reserve System, or a correspondent bank if your bank is not a member. To establish the Wire Redemption Privilege, you must check the appropriate box and supply the necessary information on the Fund's Account Application or file a Shareholder Services Form with the Transfer Agent. You may direct that redemption proceeds be paid by check (maximum \$150,000 per day) made out to the owners of record and mailed to your address. Redemption proceeds of less than \$1,000 will be paid automatically by check. Holders of jointly registered Fund or bank accounts may have redemption

proceeds of only up to \$250,000 wired within any 30-day period. You may telephone redemption requests by calling 1-800-221-4060 or, if you are calling from overseas, call 1-401-455-3306. The Fund reserves the right to refuse any redemption request, including requests made shortly after a change of address, and may limit the amount involved or the number of such requests. This Privilege may be modified or terminated at any time by the Transfer Agent or the Fund. The Fund's Statement of Additional Information sets forth instructions for transmitting redemption requests by wire. Shares held under Keogh Plans, IRAs or other retirement plans, and shares for which certificates have been issued, are not eligible for this Privilege.

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

Dreyfus TeleTransfer Privilege--You may redeem Fund shares (minimum \$500 per day) by telephone if you have checked the appropriate box and supplied the necessary information on the Fund's Account Application or have filed a Shareholder 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 held under Keogh Plans, IRAs or other retirement plans, and shares issued in certificate form, are not eligible for this Privilege.

#### DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

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

Distribution Plan--Under the Distribution Plan, adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, the Fund (a) reimburses the Distributor for payments to certain Service Agents for distributing Portfolio shares and (b) pays the Dreyfus Corporation, Dreyfus Service Corporation or any affiliate for advertising and marketing relating to Portfolio shares at an annual rate of .50 of 1% of the value of each Portfolio's average daily net assets. The Distributor may pay one or more Service Agents in respect of Distribution services. The Distributor determines the amounts, if any, to be paid to Service Agents under the Distribution Plan and the basis on which such payments are made. The fees payable under the Distribution Plan are payable without regard to actual expenses incurred.

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

Shareholder Services Plan--Under the Shareholder Services Plan, the Fund pays the Distributor for the provision of certain services to Portfolio shareholders a fee at the annual rate of .25 of 1% of the value of each Portfolio's average daily net assets. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the Fund and providing reports and other information, and services related to the maintenance of shareholder accounts. The Distributor may make payments to

Service Agents in respect of these services. The Distributor determines the amounts to be paid to Service Agents. Each Service Agent is required to disclose to its clients any compensation payable to it by the Fund pursuant to the Shareholder Services Plan and any other compensation payable by their clients in connection with the investment of their assets in Portfolio shares.

#### DIVIDENDS, DISTRIBUTIONS AND TAXES

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

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

Dividends derived from net investment income, together with distributions from net realized short-term securities gains and gain from the sale or other disposition of certain market discount bonds, paid by the Portfolios to a foreign investor generally are subject to U.S. nonresident withholding taxes at the rate of 30%, unless the foreign investor claims the benefit of a lower rate specified in a tax treaty. Distributions from

net realized long-term securities gains paid by the Portfolios to a foreign investor as well as the proceeds of any redemptions from a foreign investor's account, regardless of the extent to which gain or loss may be realized, generally will not be subject to U.S. nonresident withholding tax. However, such distributions may be subject to backup withholding, as described below, unless the foreign investor certifies his non-U.S. residency status.

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

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

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

Management of the Dreyfus Total Return Portfolio believes that the Portfolio has qualified for the fiscal year ended April 30, 1994, and it is expected that the Dreyfus Income Portfolio and the Dreyfus Growth Portfolio will qualify, as a "regulated investment company" under the Code so long as such qualification is in the best interests of their shareholders. Such qualification relieves each Portfolio of any liability for Federal income tax to the extent its earnings are distributed in accordance with applicable provisions of the Code. In addition, each Portfolio is subject to a non-deductible 4% excise tax, measured with respect to certain undistributed amounts of taxable investment income and capital gains.

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

#### PERFORMANCE INFORMATION

For purposes of advertising, performance may be calculated on the basis of average annual total return and/or total return.

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

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

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

Comparative performance information may be used from time to time in advertising or marketing the Fund's shares, including data from Lipper Analytical Services, Inc., Morningstar, Inc., Standard & Poor's 500 Stock Index, the Dow

Jones Industrial Average, Moody's Bond Service Bond Index, Bond-20 Bond Index, Wilshire 4500 Index and other industry publications.

#### GENERAL INFORMATION

The Fund was incorporated under Maryland law on May 12, 1993, and commenced operations on July 1, 1993. On \_\_\_\_\_, 1994, the Fund commenced offering shares of the Dreyfus Income Portfolio and the Dreyfus Growth Portfolio and the existing portfolio of the Fund began operating as the Dreyfus Total Return Portfolio. The Fund is authorized to issue 300 million shares of Common Stock (with 100 million allocated to each Portfolio), par value \$.001 per share. Each share has one vote.

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

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

Rule 18f-2 under the Investment Company Act of 1940 provides that any matter required to be submitted under the provisions of the Investment Company Act of 1940 or applicable state law or otherwise to the holders of the outstanding voting securities of an investment company, such as the Fund, will not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding shares of each Portfolio affected by such matter. Rule 18f-2 further provides that a Portfolio shall be deemed to be affected by a matter



unless it is clear that the interests of each Portfolio in the matter are identical or that the matter does not affect any interest of such Portfolio. However, the Rule exempts the selection of independent accountants and the election of Directors from the separate voting requirements of the Rule.

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

Shareholder inquiries may be made to your Service Agent or by writing to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or by calling toll free, 1-800-645-6561. In New York City, call 1-718-895-1206; on Long Island, call 794-5254.

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.

DREYFUS ASSET ALLOCATION FUND, INC.  
PART B  
(STATEMENT OF ADDITIONAL INFORMATION)  
\_\_\_\_\_, 1994

This Statement of Additional Information, which is not a prospectus, supplements and should be read in conjunction with the current Prospectus of Dreyfus Asset Allocation Fund, Inc. (the "Fund"), dated \_\_\_\_\_, 1994, as it may be revised from time to time. To obtain a copy of the Fund's Prospectus, please write to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or call the following numbers:

Call Toll Free 1-800-645-6561  
In New York City -- Call 1-718-895-1206  
On Long Island -- Call 794-5254

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

Premier Mutual Fund Services, Inc. (the "Distributor") is the distributor of the Fund's shares.

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## INVESTMENT OBJECTIVE AND MANAGEMENT POLICIES

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "DESCRIPTION OF THE FUND."

Bank Obligations. Domestic commercial banks organized under Federal law are supervised and examined by the Comptroller of the Currency and are required to be members of the Federal Reserve System and to have their deposits insured by the Federal Deposit Insurance Corporation (the "FDIC"). Domestic banks organized under state law are supervised and examined by state banking authorities but are members of the Federal Reserve System only if they elect to join. In addition, state banks whose certificates of deposit ("CDs") may be purchased by each Portfolio are insured by the FDIC (although such insurance may not be of material benefit to the Fund, depending on the principal amount of the CDs of each bank held by the Fund) and are subject to Federal examination and to a substantial body of Federal law and regulation. As a result of Federal or state laws and regulations, domestic branches of domestic banks whose CDs may be purchased by the Portfolios generally are required, among other things, to maintain specified levels of reserves, are limited in the amounts which they can loan to a single borrower and are subject to other regulation designed to promote financial soundness. However, not all of such laws and regulations apply to the foreign branches of domestic banks.

Obligations of foreign branches of domestic banks, foreign subsidiaries of domestic banks and domestic and foreign

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

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

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

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

## Investment Techniques

Options Transactions. Each Portfolio may engage in options transactions, such as purchasing or writing covered call

or put options. The principal reason for writing covered call options is to realize, through the receipt of premiums, a greater return than would be realized on the Portfolio's securities alone. In return for a premium, the writer of a covered call option forfeits the right to any appreciation in the value of the underlying security above the strike price for the life of the option (or until a closing purchase transaction can be effected).

Nevertheless, the call writer retains the risk of a decline in the price of the underlying security. Similarly, the principal reason for writing covered put options is to realize income in the form of premiums. The writer of a covered put option accepts the risk of a decline in the price of the underlying security. The size of the premiums that the Portfolios may receive may be adversely affected as new or existing institutions, including other investment companies, engage in or increase their option-writing activities.

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

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

a closing purchase transaction with respect to an option once it has been assigned an exercise notice.

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

If as a covered call option writer a Portfolio is unable to effect a closing purchase transaction in a secondary market, it will not be able to sell the underlying security until the option expires or it delivers the underlying security upon exercise or it otherwise covers its position.

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

Options on stock indexes are similar to options on stock except that (a) the expiration cycles of stock index options are generally monthly, while those of stock options are currently quarterly, and (b) the delivery requirements are different. Instead of giving the right to take or make delivery of a stock at a specified price, an option on a stock index gives the holder the right to receive a cash "exercise settlement amount" equal to (i) the amount, if any, by which the fixed exercise price of the option exceeds (in the case of a put) or is less than (in the case of a call) the closing value of the underlying index on the date of exercise, multiplied by (ii) a fixed "index multiplier." Receipt of this cash amount will depend upon the closing level of the stock index upon which the option is based being greater than, in the case of a call, or less than, in the case of a put, the exercise price of the option. The amount of cash received will be equal to such difference between the closing price of the index and the

exercise price of the option expressed in dollars times a specified multiple. The writer of the option is obligated, in return for the premium received, to make delivery of this amount.

The writer may offset its position in stock index options prior to expiration by entering into a closing transaction on an exchange or it may let the option expire unexercised.

#### Futures Contracts and Options on Futures Contracts.

Upon exercise of an option, the writer of the option will deliver to the holder of the option the futures position and the accumulated balance in the writer's futures margin account, which represents the amount by which the market price of the futures contract exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract. The potential loss related to the purchase of options on futures contracts is limited to the premium paid for the option (plus transaction costs). Because the value of the option is fixed at the time of sale, there are no daily cash payments to reflect changes in the value of the underlying contract; however, the value of the option does change daily and that change would be reflected in the net asset value of the Portfolio.

Investment Company Securities. Each Portfolio may invest in securities issued by other investment companies which principally invest in securities of the type in which the Portfolio invests. Under the Investment Company Act of 1940, as amended (the "Act"), a Portfolio's investments in such securities, subject to certain exceptions, currently are limited to (i) 3% of the total voting stock of any one investment company, (ii) 5% of the Portfolio's net assets with respect to any one investment company and (iii) 10% of the Portfolio's net assets in the aggregate. Investments in the securities of other investment companies may involve duplication of advisory fees and certain other expenses.

Lending Portfolio Securities. To a limited extent, each Portfolio may lend its portfolio securities to brokers, dealers and other financial institutions, provided it receives cash collateral which at all times is maintained in an amount equal to at least 100% of the current market value of the securities loaned. By lending its securities, the Portfolio can increase its income through the investment of the cash collateral. For purposes of this policy, the Fund considers collateral consisting of U.S. Government securities or irrevocable letters of credit issued by banks whose securities meet the standards for investment by the Portfolio to be the equivalent of cash. From time to time, the Fund may return to the borrower or a third party which is unaffiliated with the Fund, and which is acting as a "placing broker," a part of the interest earned from the investment of collateral received for

securities loaned.

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

Investment Restrictions. Each Portfolio has adopted investment restrictions numbered 1 through 8 as fundamental policies. These restrictions cannot be changed, as to a Portfolio, without approval by the holders of a majority (as defined in the Act) of such Portfolio's outstanding voting shares. Investment restrictions numbered 9 through 14 are not fundamental policies and may be changed by vote of a majority of the Fund's Directors at any time. No Portfolio may:

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

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

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

4. Make loans to others, except through the purchase of debt obligations and the entry into repurchase agreements. However, the Portfolio may lend its portfolio securities in an amount not to exceed 33-1/3% of the value of its total assets. Any loans of portfolio securities will be made according to

guidelines established by the Securities and Exchange Commission and the Fund's Board of Directors.

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

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

7. Issue any senior security (as such term is defined in Section 18(f) of the Act), except to the extent the activities permitted in Investment Restriction Nos. 1, 3, 10 and 11 may be deemed to give rise to a senior security.

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

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

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

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

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

13. Enter into repurchase agreements providing for



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

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

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

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

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

#### MANAGEMENT OF THE FUND

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

#### Directors and Officers of the Fund

LUCY WILSON BENSON, Director. President of Benson and Associates, consultants to business and government. Mrs. Benson is a director of Communications Satellite Corporation, General RE Corporation, The Grumman Corporation and Logistics Management Institute. She is also a Trustee of the Alfred P. Sloan Foundation, Vice Chairman of the Board of Trustees of Lafayette College, Vice Chairman of the Citizens Network for Foreign Affairs and a member of the Council on foreign Relations. Mrs. Benson served as a consultant to the U.S. Department of State and to SRI International from 1980 to 1981. From 1977 to 1980, she was Under Secretary of State for Security Assistance, Science and



Technology. Her address is 46 Sunset Avenue, Amherst, Massachusetts 01002.

\* DAVID W. BURKE, Director. Since October 1990, Vice President and Chief Administrative Officer of the Manager and an officer, director or trustee of other investment companies advised or administered by the Manager. From 1977 to 1990, Mr. Burke was involved in the management of national television news, as Vice President and Executive Vice President of ABC News, and subsequently as President of CBS News. His address is 200 Park Avenue, New York, New York 10166.

MARTIN D. FIFE, Director. President of Fife Associates, Inc. and other companies engaged in the chemical and plastics industries. His address is 30 Rockefeller Plaza, New York, New York 10112.

WHITNEY I. GERARD, Director. Partner of the New York City law firm of Chadbourne & Parke. His address is 30 Rockefeller Plaza, New York, New York 10112.

ROBERT R. GLAUBER, Director. Research Fellow, Center for Business and Government at the John F. Kennedy School of Government, Harvard University, since January 1992. Mr. Glauber was Under Secretary of the Treasury for Finance at the U.S. Treasury Department from May 1989 to January 1992. For more than five years prior thereto, he was a Professor of Finance at the Graduate School of Business Administration of Harvard University and, from 1985 to 1989, Chairman of its Advanced Management Program. His address is 79 John F. Kennedy Street, Cambridge, Massachusetts 02138.

ARTHUR A. HARTMAN, Director. Senior consultant with APCO Associates Inc. From 1981 to 1987, he was United States Ambassador to the former Soviet Union. He is a director of the Hartford Insurance Group and a member of the advisory councils of several other companies, research institutes and foundations. He is President of the Harvard Board of Overseers. His address is 2738 McKinley Street, N.W., Washington, D.C. 20015.

GEORGE L. PERRY, Director. An economist and Senior Fellow at the Brookings Institution since 1969. He is co-director of the Brookings Panel on Economic Activity and editor of its journal, The Brookings Papers. He is also a director of the State Farm Mutual Automobile Association and State Farm Life Insurance Company. His address is 1775 Massachusetts Avenue, N.W., Washington, D.C. 20015.

\*HOWARD STEIN, Director, President and Investment Officer.

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

PAUL WOLFOWITZ, Director. Dean of The Paul H. Nitze School of Advanced International Studies at Johns Hopkins University. From 1989 to 1993, Under Secretary of Defense for Policy. From 1986 to 1989, he was the U.S. Ambassador to the Republic of Indonesia. Before assuming that post, he was Assistant Secretary of State for East Asian and Pacific Affairs, Department of State, from 1982 to 1986. In 1993, he was the George F. Kennan Professor of National Security Strategy at the National War College. His address is 1740 Massachusetts Avenue, N.W., Washington, D.C. 20036.

The "non-interested" Directors are also directors of Dreyfus California Municipal Income, Inc., The Dreyfus Fund Incorporated, Dreyfus Municipal Income, Inc., Dreyfus New York Municipal Income, Inc., Dreyfus Short-Term Income Fund, Inc. and Dreyfus Worldwide Dollar Money Market Fund, Inc., and The 401(k) Fund, and trustees of Dreyfus Institutional Short-Term Treasury Fund and Dreyfus Short-Intermediate Tax Exempt Bond Fund. Each of the "non-interested" Directors, except Mr. Glauber, is also a director of Dreyfus Liquid Assets, Inc. and a trustee of Dreyfus Short-Intermediate Government Fund. Mrs. Benson also is a director of The Dreyfus Socially Responsible Growth Fund, Inc. and The Dreyfus Third Century Fund, Inc.

The Fund does not pay any remuneration to its officers and Directors other than expenses to those Directors who are not officers, directors, employees or holders of 5% or more of the outstanding voting securities of the Manager, which totaled \$14,365, for the period July 1, 1993 (commencement of operations) through April 30, 1994 for all such Directors as a group.

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

Officers of the Fund Not Listed Above

MARIE E. CONNOLLY, President and Treasurer. President and Chief Operating Officer of the Distributor and an officer of other investment companies advised or administered by the Manager. Prior to joining the Distributor, an officer of Funds Distributor, Inc. and The Boston Company, Inc.

JOHN E. PELLETIER, Secretary. Senior Vice President and General Counsel of the Distributor and an officer of other investment companies advised or administered by the Manager. Prior to joining the Distributor, an officer of The Boston Company Advisors, Inc. and an associate at Ropes & Gray and Sidley & Austin.

JOSEPH F. TOWER, III, Assistant Treasurer. Senior Vice President, Treasurer and Chief Financial Officer of the Distributor and an officer of other investment companies advised or administered by the Manager. Prior to joining the Distributor, an officer of The Boston Company, Inc., St. Regis Corporation and Yankee Bank.

FREDERICK C. DEY, Assistant Treasurer. Senior Vice President of the Distributor and an officer of other investment companies advised or administered by the Manager. Prior to joining the Distributor, a Manager of High Performance Fabric Division of Springs Industries, Inc. and an analyst at Lebow Industries.

ERIC B. FISCHMAN, Assistant Secretary. Associate General Counsel of the Distributor and an officer of other investment companies advised or administered by the Manager. Prior to joining the Distributor, a Staff Attorney at the Federal Reserve Board.

RUTH LIEBERT, Assistant Secretary. Assistant Vice President of the Distributor and an officer of other investment companies advised or administered by the Manager. Prior to joining the Distributor, an officer of The Managers Funds and The Rockland Center for the Arts.

The address of each officer of the Fund is Premier Mutual Fund Services, Inc., One Exchange Place, Boston, Massachusetts 02109.

Directors and officers of the Fund, as a group, owned less than 1% of the shares of Common Stock of each Portfolio outstanding on August 22, 1994.

The following persons are also officers and/or directors of the Manager: Julian M. Smerling, Vice Chairman of the Board of Directors; Joseph S. DiMartino, President, Chief Operating Officer and a Director; Alan M. Eisner, Vice President and Chief Financial Officer; David W. Burke, Vice President and Chief Administrative Officer; Robert F. Dubuss, Vice President; Elie M. Genadry, Vice President--Institutional Sales; Peter A. Santoriello, Vice President; Philip L. Toia, Vice President; Kirk V. Stumpp, Vice President--New Products Development; John J. Pyburn and Katherine C. Wickham, Assistant Vice Presidents; Maurice Bendrihem, Controller; and Mandell L. Berman, Alvin E. Friedman, Lawrence M. Greene, Abigail Q. McCarthy and David B. Truman, directors.

#### MANAGEMENT AGREEMENT

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "MANAGEMENT OF THE FUND."

The Manager provides management services pursuant to the Management Agreement (the "Agreement") dated August 25, 1994 with the Fund. As to each Portfolio, the Agreement is subject to annual approval by (i) the Fund's Board of Directors or (ii) vote of a majority (as defined in the Act) of the outstanding voting securities of the such Portfolio, provided that in either event the continuance also is approved by a majority of the Directors who are not "interested persons" (as defined in the Act) of the Fund or the Manager, by vote cast in person at a meeting called for the purpose of voting on such approval. As to each Portfolio, the Agreement is terminable without penalty, on 60 days' notice, by the Fund's Board of Directors or by vote of the holders of a majority of such Portfolio's shares, or, on not less than 90 days' notice, by the Manager. The Agreement will terminate automatically, as to the relevant Portfolio, in the event of its assignment (as defined in the Act).

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

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

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

The Manager pays the salaries of all officers and employees employed by both it and the Fund, maintains office

facilities, and furnishes statistical and research data, clerical help, accounting, data processing, bookkeeping and internal auditing and certain other required services. The Manager also may make such advertising and promotional expenditures, using its own resources, as it from time to time deems appropriate.

As compensation for its services, the Fund has agreed to pay the Manager a monthly management fee at the annual rate of .75 of 1% of the value of each Portfolio's average daily net assets. For the period July 1, 1993 (commencement of operations) through April 30, 1994, a management fee of \$232,788 was payable by the Fund with respect to the Dreyfus Total Return Portfolio, which amount was reduced by \$232,788 pursuant to an undertaking by the Manager, resulting in a net fee of \$0.

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

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

#### PURCHASE OF FUND SHARES

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

The Distributor. The Distributor serves as the Fund's distributor pursuant to an agreement which is renewable annually.

The Distributor also acts as distributor for the other funds in the Dreyfus Family of Funds and for certain other investment companies.

Dreyfus TeleTransfer Privilege. Dreyfus TeleTransfer purchase orders may be made between the hours of 8:00 a.m. and 4:00 p.m., New York time, on any business day that The

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

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

#### DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "DISTRIBUTION PLAN AND SHAREHOLDER SERVICES PLAN."

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

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

A quarterly report of the amounts expended under the Distribution Plan, and the purposes for which such expenditures were incurred, must be made to the Directors for their review. In addition, the Distribution Plan provides that it may not be



amended to increase materially the costs which Portfolio shareholders may bear for distribution pursuant to the Distribution Plan without shareholder approval and that other material amendments of the Distribution Plan must be approved by the Board of Directors, and by the Directors who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of the Distribution Plan or in any agreements entered into in connection with the Distribution Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Distribution Plan is subject to annual approval by such vote of the Directors cast in person at a meeting called for the purpose of voting on the Distribution Plan. The Distribution Plan was so approved by the Directors at a meeting held on August 25, 1994. The Distribution Plan may be terminated at any time with respect to each Portfolio by vote of a majority of the Directors who are not "interested persons" and have no direct or indirect financial interest in the operation of the Distribution Plan or in any agreements entered into in connection with the Distribution Plan or by vote of the holders of a majority of the Portfolio's shares.

For the period July 1, 1993 (commencement of operations) through April 30, 1994, the Fund was charged \$179,099 for advertising, marketing and distributing shares of Dreyfus Total Return Portfolio pursuant to the Distribution Plan, all of which was reimbursed pursuant to an undertaking by the Manager.

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

A quarterly report of the amounts expended under the Shareholder Services Plan, and the purposes for which such expenditures were incurred, must be made to the Directors for their review. In addition, the Shareholder Services Plan provides that it may not be amended without approval of the Directors, and by the Directors who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan, by vote cast in person at a meeting called for the purpose of considering such amendments. The Shareholder Services Plan is subject to annual approval by such vote of the Directors cast in person at a meeting called for the purpose of voting on the Shareholder Services Plan. The



Shareholder Services Plan was so approved by the Directors at a meeting held on August 25, 1994. The Shareholder Services Plan is terminable at any time with respect to each Portfolio by vote of a majority of the Directors who are not "interested persons" and have no direct or indirect financial interest in the operation of the Shareholder Services Plan or in any agreements entered into in connection with the Shareholder Services Plan.

For the period July 1, 1993 (commencement of operations) through April 30, 1994, the Fund was charged \$77,596 with respect to Dreyfus Total Return Portfolio pursuant to the Shareholder Services Plan all of which was reimbursed pursuant to an undertaking by the Manager.

#### REDEMPTION OF FUND SHARES

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "HOW TO REDEEM FUND SHARES."

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

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

Transfer Agent's

144295

144295 TSSG PREP

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

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

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

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

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

Suspension of Redemptions. The right of redemption may be suspended or the date of payment postponed (a) during any period when the New York Stock Exchange is closed (other than customary weekend and holiday closings), (b) when trading in the markets the Fund ordinarily utilizes is restricted, or when an emergency exists as determined by the Securities and Exchange Commission so that disposal of the Fund's investments or determination of its net asset value is not reasonably practicable, or (c) for such other periods as the Securities and Exchange Commission by order may permit to protect the Fund's shareholders.

#### SHAREHOLDER SERVICES

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

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

- A. Exchanges for shares of funds that are offered without a sales load will be made without a sales load.
- B. Shares of funds purchased without a sales load may be exchanged for shares of other funds sold with a sales load, and the applicable sales load will be deducted.
- C. Shares of funds purchased with a sales load may be exchanged without a sales load for shares of other funds sold without a sales load.

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

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

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

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

Dreyfus Auto-Exchange Privilege. Dreyfus Auto-Exchange

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

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

Shareholder Services Forms and prospectuses of the other funds may be obtained from the Distributor, One Exchange Place, Boston, Massachusetts 02109. The Fund reserves the right to reject any exchange request in whole or in part. The Exchange Privilege or the Dreyfus Auto-Exchange Privilege may be modified or terminated at any time upon notice to shareholders.

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

Dreyfus Dividend Sweep. Dreyfus Dividend Sweep allows investors to invest on the payment date their dividends or

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

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

Corporate Pension/Profit-Sharing and Retirement Plans. The Fund makes available to corporations a variety of prototype pension and profit-sharing plans including a 401(k) Salary Reduction Plan. In addition, the Fund makes available Keogh Plans, IRAs, including SEP-IRAs and IRA "Rollover Accounts," and 403(b)(7) Plans. Plan support services also are available. For details, please contact the Dreyfus Group Retirement Plans, a division of the Distributor, by calling toll free 1-800-358-5566.

Investors who wish to purchase Fund shares in conjunction with a Keogh Plan, a 403(b)(7) Plan or an IRA, including an SEP-IRA, may request from the Distributor forms for adoption of such plans.

The entity acting as custodian for Keogh Plans, 403(b)(7) Plans or IRAs may charge a fee, payment of which could require the liquidation of shares. All fees charged are

described in the appropriate form.

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

The minimum initial investment for corporate plans, Salary Reduction Plans, 403(b)(7) Plans and SEP-IRAs with more than one participant, is \$2,500 with no minimum on subsequent purchases. The minimum initial investment for Dreyfus-sponsored Keogh Plans, IRAs, SEP-IRAs and 403(b)(7) Plans with only one participant, is normally \$750, with no minimum on subsequent purchases. Individuals who open an IRA may also open a non-working spousal IRA with a minimum investment of \$250.

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

#### DETERMINATION OF NET ASSET VALUE

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "HOW TO BUY FUND SHARES."

Valuation of Portfolio Securities. Each Portfolio's securities, including covered call options written by a Portfolio, are valued at the last sale price on the securities exchange or national securities market on which such securities primarily are traded. Short-term investments are carried at amortized cost, which approximates value. Securities not listed on an exchange or national securities market, or securities in which there were no transactions, are valued at the average of the most recent bid and asked prices, except in the case of open short positions where the asked price is used for valuation purposes. Bid price is used when no asked price is available. Any securities or other assets for which recent market quotations are not readily available are valued at fair value as determined in good faith by the Fund's Board of Directors. Expenses and fees of the Fund, including the management fee paid by the Fund and the distribution and service fees, are accrued daily and taken into account for the purpose of determining the net asset value of Fund shares.

Restricted securities, as well as securities or other assets for which market quotations are not readily available, or are not valued by a pricing service approved by the Board of



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

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

#### DIVIDENDS, DISTRIBUTIONS AND TAXES

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "DIVIDENDS, DISTRIBUTIONS AND TAXES."

It is expected that the Dreyfus Total Return Portfolio qualified as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Code") for the fiscal year ended April 30, 1994, and each Portfolio intends to continue to so qualify, as long as such qualification is in the best interests of its shareholders. Qualification as a regulated investment company relieves each Portfolio from any liability for Federal income taxes to the extent its earnings are distributed in accordance with applicable provisions of the Code. The term "regulated investment company" does not imply the supervision of management or investment practices or policies by any government agency.

Any dividend or distribution paid shortly after an investor's purchase may have the effect of reducing the net asset value of the shares below the cost of his investment. Such a dividend or distribution would be a return on investment in an economic sense, although taxable as stated above. In addition, the Code provides that if a shareholder holds shares of the Fund for six months or less and has received a capital gain



distribution with respect to such shares, any loss incurred on the sale of such shares will be treated as a long-term capital loss to the extent of the capital gain distribution received.

Ordinarily, gains and losses realized from portfolio transactions will be treated as capital gain and loss. However, a portion of the gain or loss from the disposition of non-U.S. dollar denominated securities (including debt instruments, certain financial forward futures and option contracts and certain preferred stock) may be treated as ordinary income or loss under Section 988 of the Code. In addition, all or a portion of the gain realized from the disposition of certain market discount bonds will be treated as ordinary income under Section 1276. Finally, all or a portion of the gain realized from engaging in "conversion transactions" may be treated as ordinary income under Section 1258. "Conversion transactions" are defined to include certain forward, futures, option and straddle transactions, transactions marketed or sold to produce capital gains, or transactions described in Treasury regulations to be issued in the future.

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

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

If a Portfolio were treated as entering into "straddles" by reason of its engaging in certain contracts or options transactions, such "straddles" would be characterized as

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

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

#### PORTFOLIO TRANSACTIONS

The Manager supervises the placement of orders on behalf of the Fund for the purchase or sale of portfolio securities. Allocation of brokerage transactions, including their frequency, is made in the Manager's best judgment and in a manner deemed fair and reasonable to shareholders. The primary consideration is prompt execution of orders at the most favorable net price. Subject to this consideration, the brokers selected will include those that supplement the Manager's research facilities with statistical data, investment information, economic facts and opinions. Information so received is in addition to and not in lieu of services required to be performed by the Manager and the fee of the Manager is not reduced as a consequence of the receipt of such supplemental information. Such information may be useful to the Manager in serving both the Fund and other clients which it advises and, conversely, supplemental information obtained by the placement of business of other clients may be useful to the Manager in carrying out its obligation to the Fund. Brokers are also selected because of their ability to handle special executions such as are involved

in large block trades or broad distributions, provided the primary consideration is met. Large block trades may, in certain cases, result from two or more clients the Manager might advise being engaged simultaneously in the purchase or sale of the same security. Certain of each Portfolio's transactions in securities of foreign issuers may not benefit from the negotiated commission rates available to the Portfolio for transactions in securities of domestic issuers. When transactions are executed in the over-the-counter market, each Portfolio will deal with the primary market makers unless a more favorable price or execution otherwise is obtainable.

For the period July 1, 1993 (commencement of operations) through April 30, 1994, the Fund paid total brokerage commissions of \$26,354 with respect to Dreyfus Total Return Portfolio, none of which was paid to the Distributor. The Fund paid no gross spreads or concessions on principal transactions for such period.

Portfolio turnover may vary from year to year, as well as within a year. High turnover rates are likely to result in comparatively greater brokerage expenses. The overall reasonableness of brokerage commissions paid is evaluated by the Manager based upon its knowledge of available information as to the general level of commissions paid by other institutional investors for comparable services.

#### PERFORMANCE INFORMATION

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "PERFORMANCE INFORMATION."

Dreyfus Total Return Portfolio's average annual total return for the .80 year period ended April 30, 1994 was 0.99%. Average annual total return is calculated by determining the ending redeemable value of an investment purchased at net asset value per share with a hypothetical \$1,000 payment made at the beginning of the period (assuming the reinvestment of dividends and distributions), dividing by the amount of the initial investment, taking the "n"th root of the quotient (where "n" is the number of years in the period) and subtracting 1 from the result.

Dreyfus Total Return Portfolio's total return for the

period July 1, 1993 to April 30, 1994 was 1.19%. Total return is calculated by subtracting the amount of each Portfolio's net asset value per share at the beginning of a stated period from the net asset value per share at the end of the period (after giving effect to the reinvestment of dividends and distributions during the period), and dividing the result by the net asset value per share at the beginning of the period.

Comparative performance information may be used from time to time in advertising the Fund's shares, including data from Lipper Analytical Services, Inc., Morningstar, Inc., Standard & Poor's 500 Stock Index, the Dow Jones Industrial Average, Money Magazine, Wilshire 4500 Index and other industry publications. From time to time, the Fund may compare its performance against inflation with the performance of other instruments against inflation, such as short-term Treasury Bills (which are direct obligations of the U.S. Government) and FDIC-insured bank money market accounts. In addition, advertising for the Fund may indicate that investors may consider diversifying their investment portfolios in order to seek protection of the value of their assets against inflation. From time to time, advertising materials for the Fund may refer to or discuss then-current or past economic or financial conditions, developments and/or events.

From time to time, the Fund may compare its performance with the performance of other instruments, such as certificates of deposit and bank money market accounts which are FDIC-insured.

From time to time, advertising materials for the Fund may refer to Morningstar ratings and related analyses supporting such ratings.

#### INFORMATION ABOUT THE FUND

THE FOLLOWING INFORMATION SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE SECTION IN THE FUND'S PROSPECTUS ENTITLED "GENERAL INFORMATION."

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

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

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

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

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

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

DREYFUS ASSET ALLOCATION FUND, INC.  
STATEMENT OF INVESTMENTS

APRIL 30, 1994

COMMON STOCKS--59.9%

	SHARES	VALUE
BASIC INDUSTRIES--4.9%		
Chemicals--2.5% Dow Chemical	4,500	\$ 282,375
dupont (EI) de Nemours.	16,400	936,850
Eastman Chemical.	1,200	53,400
		1,272,625
Metals-.4% Alcan Aluminium	1,500	31,312
Aluminum Co. of America	2,900	197,200
		228,512
Mining-1.1%		
Minnesota Mining & Manufacturing	9,600	469,200
Placer Dome	3,900	79,950
Paper & Forest Products-.5%		
International Paper	1,600	104,400
Rayonier	450	12,713

Weyerhaeuser	3,300	140,663
		257,776
Photography-.4% Eastman Kodak	4,800	199,200
TOTAL BASIC INDUSTRIES...		2,507,263

CAPITAL GOODS--1.5%

Environmental Control--.7%

WMX Technologies	14,100	368,363
Machinery & Industrial-.8%		
Caterpillar	2,700	296,662
Cooper Industries.	2,800	106,750
Gardner Denver Machinery	112 (a)	952

404,364

TOTAL CAPITAL GOODS.

772,727

CAPITAL GOODS/TECHNOLOGY--8.4%

Aerospace/Defense--.4%

Allied Signal	3,400	117,300
United Technologies	1,800	114,750
		232,050

Electrical Equipment-3.3%

General Electric	16,700	1,588,587
Westinghouse Electric	6,800	79,050
		1,667,637

Electronics-2.4%

Intel	10,200	622,200
Motorola	11,600	517,650
Texas Instruments	1,400	107,100
		1,246,950

Information Processing-2.2%

Apple Computer	1,500	45,000
Automatic Data Processing	2,600	133,900
Hewlett-Packard	1,100	88,275

International Business

Machines	13,000	744,250
Pitney Bowes	2,900	110,925
		1,122,350

Telecommunications-.1%

Airtouch Communications	1,600 (a)	39,400
TOTAL CAPITAL GOODS/TECHNOLOGY.		4,308,387

DREYFUS ASSET ALLOCATION FUND, INC.  
STATEMENT OF INVESTMENTS (CONTINUED)

APRIL 30, 1994

COMMON STOCKS (CONTINUED)

SHARES

VALUE

CONGLOMERATES--.3%

ITT 1,800 \$ 161,550

CONSUMER CYCLICAL--7.6%

Appliances--.2% Corning 2,700 85,050  
 Auto Related-3.1%  
 Ford Motor 11,500 671,313  
 General Motors 16,000 908,000  
 1,579,313

Merchandising-4.3%

Home Depot 9,800 411,600  
 K mart 4,800 79,200  
 May Department Stores 3,000 125,625  
 Penney (J.C.). 2,700 146,475  
 Sears, Roebuck 4,700 220,900  
 Wal-Mart Stores 48,100 1,214,525  
 2,198,325  
 TOTAL CONSUMER CYCLICAL. 3,862,688

CONSUMER GROWTH STAPLES--10.0%

Beverages--3.5%

Coca-Cola 26,800 1,115,550  
 PepsiCo 17,500 638,750  
 1,754,300

Drugs-3.1%

American Home Products 1,600 92,400  
 Bristol-Myers Squibb. 12,000 646,500  
 Merck & Co 25,000 740,625  
 Upjohn 3,900 104,325  
 1,583,850

Entertainment-.5%

Disney (Walt) 6,100 258,487  
 Hospital Supplies-1.5%  
 Abbott Laboratories 9,400 266,725  
 Baxter International 3,400 77,775  
 Johnson & Johnson 10,600 438,575  
 783,075

Printing & Publishing-.5%

Dun & Bradstreet 2,500 146,875  
 Gannett 2,200 115,500  
 262,375

Restaurants-.9%

McDonald's 7,800 468,000

TOTAL CONSUMER GROWTH STAPLES. 5,110,087



CONSUMER STAPLES--4.1%

Foods--.5%

Albertson's	3,800	108,775
General Mills	1,800	92,925
Sara Lee	3,500	72,625
		274,325

Household Products-1.6%

Procter & Gamble	14,700	836,063
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Tobacco-2.0%

Philip Morris Cos	18,500	1,008,250
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TOTAL CONSUMER STAPLES		2,118,638
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DREYFUS ASSET ALLOCATION FUND, INC.  
STATEMENT OF INVESTMENTS (CONTINUED)

APRIL 30, 1994

COMMON STOCKS (CONTINUED)

	SHARES	VALUE
ENERGY--7.7%		
Oil & Gas Production--7.7%		
Amoco	3,300	\$ 185,212
Atlantic Richfield	500	47,687
Chevron	2,900	258,100
Exxon	22,900	1,439,838
Mobil	8,200	641,650
Royal Dutch Petroleum	10,800	1,177,200
Texaco	2,600	167,375
TOTAL ENERGY		3,917,062

FINANCIAL--6.3%

Banking--3.4%

Banc One	7,287	240,471
BankAmerica	9,600	415,200
Bankers Trust New York	1,400	93,625
Chase Manhattan	6,000	204,000
Chemical Banking	2,600	90,350
Citicorp	5,300	196,100
Morgan (J.P.)	3,100	190,650
NationsBank	5,600	292,600
		1,722,996

Finance-1.3%

American Express	7,800	231,075
Federal National		
Mortgage Association	5,500	457,875
		688,950

Insurance-1.6%

American General	2,700	68,850
American International Group	7,300	622,325
General Re	1,000	111,500
		802,675
TOTAL FINANCIAL		3,214,621

RAILROADS--1.2%

CSX	1,800	140,175
Norfolk Southern	2,200	140,525
Union Pacific	5,400	318,600
TOTAL RAILROADS		599,300

UTILITIES--7.9%

Communication--6.2%

American Telephone & Telegraph	27,600	1,411,050
Ameritech	4,800	189,000
Bell Atlantic	1,700	87,975
BellSouth	7,200	438,300
GTE	17,500	553,438
NYNEX	4,400	160,050
Pacific Telesis	1,600	51,200
Southwestern Bell	5,100	211,650
U.S. West	2,000	81,500

DREYFUS ASSET ALLOCATION FUND, INC.  
STATEMENT OF INVESTMENTS (CONTINUED)

APRIL 30, 1994

COMMON STOCKS (CONTINUED)

	SHARES	VALUE
UTILITIES (CONTINUED)		
Electrical--1.7%		
Duke Power	3,300	\$ 120,862
Pacific Gas & Electric	10,100	267,650
Public Service Enterprise	400	11,550
SCEcorp	7,400	118,400
Southern Co	10,200	198,900
Texas Utilities	3,700	130,425
		847,787
TOTAL UTILITIES		4,031,950
TOTAL COMMON STOCKS (cost \$31,231,292)		\$30,604,273

PRINCIPAL

U.S. TREASURY NOTES--14.6%	AMOUNT	
7.25%, 8/31/1996	\$ 1,000,000	\$ 1,027,656
8.50%, 11/15/2000	5,000,000	5,440,625
6.375%, 8/15/2002	1,000,000	960,625
TOTAL U.S. TREASURY NOTES		
(cost \$8,034,531)		\$ 7,428,906

SHORT-TERM INVESTMENTS--24.1%

U.S. Treasury Bills:

3.09%, 5/5/1994	\$ 1,771,000	\$ 1,770,379
3%, 5/19/1994	602,000	600,947
3.24%, 5/26/1994	5,167,000	5,154,521
3.44%, 6/2/1994	1,805,000	1,799,304
3.23%, 7/7/1994	2,018,000	2,004,742
3.125%, 7/21/1994	1,009,000	1,000,918

TOTAL SHORT-TERM INVESTMENTS

(cost \$12,330,811) \$12,330,811

TOTAL INVESTMENTS

(cost \$51,596,634) 98.6% \$50,363,990

CASH AND RECEIVABLES (NET) 1.4% \$ 698,588

NET ASSETS 100.0% \$51,062,578

NOTE TO STATEMENT OF INVESTMENTS;

(a) Non-income producing.

See notes to financial statements.

DREYFUS ASSET ALLOCATION FUND, INC.  
STATEMENT OF ASSETS AND LIABILITIES

APRIL 30, 1994

ASSETS:

Investments in securities, at value	
(cost \$51,596,634)see statement	\$50,363,990
Cash	275,901
Dividends and interest receivable	284,519
Prepaid expenses Note 1(e)	113,558
Due from The Dreyfus Corporation	122,573
	51,160,541

LIABILITIES;

Accrued expenses 97,963

NET ASSETS \$51,062,578

REPRESENTED BY:

Paid-in capital	\$51,638,087
Accumulated undistributed investment	

income-net	462,334
Accumulated undistributed net realized gain on investments	194,801
Accumulated net unrealized (depreciation) on investments-Note 4(b)	(1,232,644)
NET ASSETS at value applicable to 4,089,084 shares outstanding (300 million shares of \$.001 par value Common Stock authorized)	\$51,062,578
NET ASSET VALUE, offering and redemption price per share (\$51,062,578 divided by 4,089,084 shares)	\$12.49

See notes to financial statements.

DREYFUS ASSET ALLOCATION FUND, INC.

STATEMENT OF OPERATIONS

FROM JULY 1, 1993 (COMMENCEMENT OF OPERATIONS) TO APRIL 30, 1994

INVESTMENT INCOME:

INCOME:

Interest	\$501,958	
Cash dividends (net of \$727 foreign taxes withheld at source)	482,771	
TOTAL INCOME		\$ 984,729

EXPENSES:

Management fee--Note 2(a)	232,788
Shareholder servicing costs-Note 2(b,c)	275,297
Prospectus and shareholders' reports-Note 2(b)	32,366
Registration fees	29,945
Auditing fees	27,107
Organization expenses-Note 1(e)	15,555
Directors fees and expenses-Note 2(d)	14,365
Legal fees	12,156
Custodian fees	6,849
Miscellaneous	2,905
	649,333

Less-expense reimbursement from

Manager due to undertakings-

Note 2(a) 588,150

TOTAL EXPENSES 61,183

## REALIZED AND UNREALIZED (LOSS)

## ON INVESTMENTS:

Net realized (loss) on  
investments (including option  
transactions)-Note 3(a)

\$ (21,143)

Net realized gain on  
financial futures-Note 3(a):

Long transactions 114,340

Short transactions 142,191

NET REALIZED GAIN

235,388

Net unrealized (depreciation) on  
investments

(1,232,644)

NET REALIZED AND UNREALIZED (LOSS) ON

INVESTMENTS

(997,256)

NET (DECREASE) IN NET ASSETS RESULTING FROM  
OPERATIONS

\$ (73,710)

See notes to financial statements.

## DREYFUS ASSET ALLOCATION FUND, INC.

## STATEMENT OF CHANGES IN NET ASSETS

FROM JULY 1, 1993 (COMMENCEMENT OF OPERATIONS) TO APRIL 30, 1994

## OPERATIONS:

Investment income--net

\$ 923,546

Net realized gain on investments

235,388

Net unrealized (depreciation) on  
investments for the period

(1,232,644)

NET (DECREASE) IN NET ASSETS RESULTING FROM  
OPERATIONS

(73,710)

## DIVIDENDS TO SHAREHOLDERS FROM:

Investment

income-net

(461,212)

Net realized gain on investments

(40,587)

TOTAL DIVIDENDS

(501,799)

## CAPITAL STOCK TRANSACTIONS:

Net proceeds from shares sold

69,747,836

Dividends reinvested

486,322

Cost of shares redeemed

(18,696,071)

INCREASE IN NET ASSETS FROM CAPITAL STOCK  
TRANSACTIONS

51,538,087

TOTAL INCREASE IN NET ASSETS	50,962,578
NET ASSETS:	
Beginning of period--Note 1	100,000
End of period (including undistributed investment income-net of \$462,334)	\$51,062,578
CAPITAL SHARE TRANSACTIONS:	
	SHARES
Shares sold	5,525,794
Shares issued for dividends reinvested	38,293
Shares redeemed	(1,483,003)
NET INCREASE IN SHARES OUTSTANDING	4,081,084

See notes to financial statements.

#### DREYFUS ASSET ALLOCATION FUND, INC.

##### 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 the period July 1, 1993 (commencement of operations) to April 30, 1994. This information has been derived from information provided in the Fund's financial statements.

##### PER SHARE DATA:

Net asset value, beginning of period	\$12.50
INVESTMENT OPERATIONS:	
Investment income--net	.24
Net realized and unrealized (loss) on investments	(.11)
TOTAL FROM INVESTMENT OPERATIONS	.13
DISTRIBUTIONS:	
Dividends from investment income-net	(.13)
Dividends from net realized gain on investments	(.01)
TOTAL DISTRIBUTIONS	(.14)
Net asset value, end of period	\$12.49

TOTAL INVESTMENT RETURN	.99%*
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##### RATIOS/SUPPLEMENTAL DATA:

Ratio of expenses to average net assets	.16%*
Ratio of net investment income to average net assets	2.48%*
Decrease reflected in above expense ratio due to undertakings by the Manager	1.58%*
Portfolio Turnover Rate	--
Net Assets, end of period (000's Omitted)	\$51,063

- -----

\* Not annualized.

See notes to financial statements.

DREYFUS ASSET ALLOCATION FUND, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1--SIGNIFICANT ACCOUNTING POLICIES:

Dreyfus Asset Allocation Fund, Inc. (the "Fund") was incorporated on May 12, 1993 and had no operations until July 1, 1993 (commencement of operations) other than matters relating to its organization and registration as a non-diversified open-end management investment company under the Investment Company Act of 1940 ("Act") and the Securities Act of 1933 and the sale and issuance of 8,000 shares of Common Stock ("Initial Shares") to The Dreyfus Corporation ("Manager"). Dreyfus Service Corporation ("Distributor") acts as the distributor of the Fund's shares, which are sold to the public without a sales load. The Distributor is a wholly-owned subsidiary of the Manager. As of April 30, 1994, the Manager held 412,386 shares.

(A) PORTFOLIO VALUATION: Investments in securities (including options and financial futures) are valued at the last sales price on the securities exchange on which such securities are primarily traded or at the last sales price on the national securities market. Securities not listed on an exchange or the national securities market, or securities for which there were no transactions, are valued at the average of the most recent bid and asked prices, except for open short positions, where the asked price is used for valuation purposes. Bid price is used when no asked price is available. Securities for which there are no such valuations are valued at fair value as determined in good faith under the direction of the Board of Directors. Short-term investments are carried at amortized cost, which



approximates value. Investments traded in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange.

(B) SECURITIES TRANSACTIONS AND INVESTMENT INCOME: Securities transactions are recorded on a trade date basis. Realized gain and loss from securities transactions are recorded on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, amortization of discount on investments, is recognized on the accrual basis.

(C) DIVIDENDS TO SHAREHOLDERS: Dividends are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gain are normally declared and paid annually, but the Fund may make distributions on a more frequent basis to comply with the distribution requirements of the Internal Revenue Code. To the extent that net realized capital gain can be offset by capital loss carryovers, if any, it is the policy of the Fund not to distribute such gain.

(D) FEDERAL INCOME TAXES: It is the policy of the Fund to continue to qualify as a regulated investment company, if such qualification is in the best interests of its shareholders, by complying with the provisions available to certain investment companies, as defined in applicable sections of the Internal Revenue Code, and to make distributions of taxable income sufficient to relieve it from all, or substantially all, Federal income taxes.

(E) OTHER: Organization expenses paid by the Fund are included in prepaid expenses and are being amortized to operations from July 1, 1993, the date operations commenced, over the period during which it is expected that a benefit will be realized, not to exceed five years. At April 30, 1994, the unamortized balance of such expenses amounted to \$84,182. In the event that any of the Initial Shares are redeemed during the amortization period, the redemption proceeds will be reduced by any unamortized organization expenses in the same proportion as the number of such shares being redeemed bears to the number of such shares outstanding at the time of such redemption.

DREYFUS ASSET ALLOCATION FUND, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2--MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES:

(A) Pursuant to a management agreement ("Agreement") with the

Manager, the management fee is computed at the annual rate of .75 of 1% of the average daily value of the Fund's net assets and is payable monthly. The Agreement provides for an expense reimbursement from the Manager should the Fund's aggregate expenses, exclusive of taxes, brokerage, interest on borrowings and extraordinary expenses, exceed the expense limitation of any state having jurisdiction over the Fund. The most stringent state expense limitation applicable to the Fund presently requires reimbursement of expenses in any full fiscal year that such expenses (exclusive of distribution expenses and certain expenses as described above) exceed 2 1/2% of the first \$30 million, 2% of the next \$70 million and 1 1/2% of the excess over \$100 million of the average value of the Fund's net assets in accordance with California "blue sky" regulations. However, the Manager had undertaken from July 1, 1993 through January 11, 1994 to reimburse all fees and expenses of the Fund and thereafter had undertaken through April 30, 1994 to reduce the management fee paid by, and reimburse such excess expenses of the Fund, to the extent that the Fund's aggregate expenses (excluding certain expenses as described above) exceeded specified annual percentages of the Fund's average daily net assets. The expense reimbursement, pursuant to the undertakings, amounted to \$588,150 for the period ended April 30, 1994.

The Manager may modify the expense limitation percentages from time to time, provided that the resulting expense reimbursement would not be less than the amount required pursuant to the Agreement.

(B) Under the Distribution Plan (the "Plan") adopted pursuant to Rule 12b-1 under the Act, the Fund pays the Distributor, at an annual rate of .50 of 1% of the value of the Fund's average daily net assets, for costs and expenses in connection with advertising, marketing and distributing the Fund's shares and for servicing shareholder accounts. The Distributor may make payments to one or more Service Agents (a securities dealer, financial institution, or other industry professional) based on the value of the Fund's shares owned by clients of the Service Agent. The Plan also separately provides for the Fund to bear the costs of preparing, printing and distributing certain of the Fund's prospectuses and statements of additional information and costs associated with implementing and operating the Plan, not to exceed the greater of \$100,000 or .005 of 1% of the Fund's average daily net assets for any full fiscal year. During the period ended April 30, 1994, the Fund was charged \$179,099 pursuant to the Plan.

(C) Pursuant to the Fund's Shareholder Services Plan, the Fund pays the Distributor, at an annual rate of .25 of 1% of the value of the Fund's average daily net assets for servicing shareholder accounts. The services provided may include personal services relating to shareholder accounts, such as answering shareholder inquiries regarding the Fund and providing reports and other information, and services related to the maintenance of shareholder accounts. The Distributor may make payments to Service Agents in respect of these services. The Distributor determines the amounts to be paid to Service Agents. During the period ended April 30, 1994, the Fund was charged \$77,596 pursuant to the Shareholder Services Plan.

(D) Certain officers and directors of the Fund are "affiliated persons," as defined in the Act, of the Manager and/or the Distributor. Each director who is not an "affiliated person" receives an annual fee of \$1,000 and an attendance fee of \$250 per meeting.

(E) On December 5, 1993, the Manager entered into an Agreement and Plan of Merger providing for the merger of the Manager with a subsidiary of Mellon Bank Corporation ("Mellon").

DREYFUS ASSET ALLOCATION FUND, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Following the merger, it is planned that the Manager will be a direct subsidiary of Mellon Bank, N.A. Closing of this merger is subject to a number of contingencies, including receipt of certain regulatory approvals and approvals of stockholders of the Manager and of Mellon. The merger is expected to occur in mid-1994, but could occur later.

Because the merger will constitute an "assignment" of the Fund's Management Agreement with the Manager under the Investment Company Act of 1940, and thus a termination of such Agreement, the Manager will seek prior approval from the Fund's Board and shareholders.

#### NOTE 3--SECURITIES TRANSACTIONS:

(A) The aggregate amount of purchases of investment securities, excluding short-term securities and options transactions, during the period ended April 30, 1994 amounted to \$39,265,842.

The Fund is engaged in trading financial futures contracts.

The Fund is exposed to market risk as a result of changes in the value of the underlying financial instruments. Investments in financial futures require the Fund to "mark to market" on a daily basis, which reflects the change in the market value of the contract at the close of each day's trading.

Accordingly, variation margin payments are made or received to reflect daily unrealized gains or losses. When the contracts are closed, the Fund recognizes a realized gain or loss. These investments require initial margin deposits with a custodian, which consist of cash or cash equivalents, up to approximately 10% of the contract amount. The amount of these deposits is determined by the exchange or Board of Trade on which the contract is traded and is subject to change. At April 30, 1994, there were no financial futures contracts outstanding.

(B) At April 30, 1994, accumulated net unrealized depreciation on investments was \$1,232,644, consisting of \$1,111,802 gross unrealized appreciation and \$2,344,446 gross unrealized depreciation.

At April 30, 1994, the cost of investments for Federal income tax purposes was substantially the same as the cost for financial reporting purposes (see the Statement of Investments).

DREYFUS ASSET ALLOCATION FUND, INC.  
REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

SHAREHOLDERS AND BOARD OF DIRECTORS  
DREYFUS ASSET ALLOCATION FUND, INC.

We have audited the accompanying statement of assets and liabilities of Dreyfus Asset Allocation Fund, Inc., including the statement of investments, as of April 30, 1994, and the related statements of operations and changes in net assets and financial highlights for the period from July 1, 1993 (commencement of operations) to April 30, 1994. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and

financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 1994 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus Asset Allocation Fund, Inc. at April 30, 1994, and the results of its operations, the changes in its net assets and the financial highlights for the period from July 1, 1993 to April 30, 1994, in conformity with generally accepted accounting principles.

(Ernst & Young Signature Logo)

New York, New York  
June 6, 1994

#### IMPORTANT TAX INFORMATION (UNAUDITED)

For Federal Tax purposes the Fund hereby designates \$.0110 per share as a long-term capital gain distribution of the \$.1360 per share paid on December 17, 1993.

DREYFUS ASSET ALLOCATION FUND, INC.

#### PART C. OTHER INFORMATION

Item 24. Financial Statements and Exhibits. - List

(a) Financial Statements:

Included in Part A of the Registration Statement  
Financial Highlights for the period from July 1,  
1993 (commencement of operations) to April 30, 1994.

Included in Part B of the Registration Statement:

Statement of Investments -- April 30, 1994

Statement of Assets and Liabilities -- April 30, 1994

Statement of Operations -- for the period from  
July 1, 1993 (commencement of operations) to  
April 30, 1994

Statement of Changes in Net Assets -- for the  
period from July 1, 1993 (commencement of  
operations) to April 30, 1994

Notes to Financial Statements

Report of Ernst & Young LLP, Independent  
Auditors, dated June 6, 1994.

Schedules No. I through VII and other financial statement information, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission, are either omitted because they are not required under the related instructions, they are inapplicable, or the required information is presented in the financial statements or notes thereto which are included in Part B of the Registration Statement.

Item 24. Financial Statements and Exhibits. - List  
(continued)

(b) Exhibits:

(1) (a) Registrant's Articles of Incorporation and Articles of Amendment are incorporated by reference to Exhibit (1) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(1) (b) Form of Amendment to the Registrant's Articles of Incorporation.

(2) Registrant's By-Laws, as amended, are incorporated by reference to Exhibit (2) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(4) Specimen certificate for the Registrant's securities is incorporated by reference to Exhibit (4) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(5) (a) Management Agreement is incorporated by reference to Exhibit (5) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(5) (b) Form of Management Agreement, as revised.

(6) (a) Distribution Agreement is incorporated by reference to Exhibit (6) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(6) (b) Forms of Service Agreement are incorporated by reference to Exhibit 6(b) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(6) (c) Form of Distribution Agreement, as revised.

(8) Custody Agreement is incorporated by reference to Exhibit (8) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(9) (a) Shareholder Services Plan is incorporated by reference to Exhibit (a) of the Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(9) (b) Form of Shareholder Services Plan, as revised.

Item 24. Financial Statements and Exhibits. - List  
(continued)

(10) Opinion and consent of Registrant's counsel is incorporated by reference to Exhibit (10) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(11) Consent of Independent Auditors.

(15) (a) Distribution Plan is incorporated by reference to Exhibit (15) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

(15) (b) Form of Distribution Plan, as revised.

(16) Schedules of Computation of Performance Data are



incorporated by reference to Exhibit (16) of Post-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on February 1, 1994.

Other Exhibits

(a) Powers of Attorney of the Directors and officers are incorporated by reference to Other Exhibits (a) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993. Additional Powers of Attorney are filed herewith.

(b) Certificate of Secretary is incorporated by reference to Other Exhibits (b) of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

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

Not Applicable

Item 26. Number of Holders of Securities.

(1) (2)

Title of Class	Number of Record Holders as of August 22, 1994
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Shares of Common Stock,  
par value \$.01 per share

Dreyfus Total

Return Portfolio.. . . . . 3,578

Dreyfus Income Portfolio.. . . . . 0

Dreyfus Growth Portfolio.. . . . . 0

Item 27. Indemnification

The Statement as to the general effect of any contract, arrangements or statute under which a director, officer, underwriter or affiliated person of the Registrant is insured or indemnified in any manner against any liability which may be incurred in such capacity, other than insurance provided by any director, officer, affiliated person or underwriter for their own protection, is incorporated by reference to Item 4 of Part II of Pre-Effective Amendment No. 1 to the Registration Statement on Form N-1A, filed on June 28, 1993.

Reference is also made to the Distribution Agreement attached as Exhibit (6) (c) hereto.

Item 28. Business and Other Connections of Investment Adviser

The Dreyfus Corporation ("Dreyfus") is a wholly-owned subsidiary of Mellon Bank, N.A. and an indirect subsidiary of Mellon Bank Corporation ("Mellon"). Dreyfus and its subsidiary companies comprise a financial service organization whose business consists primarily of providing investment management services as the investment adviser, manager and distributor for sponsored investment companies registered under the Investment Company Act of 1940 and as an investment adviser to institutional and individual accounts. Dreyfus also serves as sub-investment adviser to and/or administrator of other investment companies.

Dreyfus Service Corporation, a wholly-owned subsidiary of Dreyfus, serves primarily as a broker-dealer of shares of investment companies sponsored by Dreyfus and of other investment companies for which Dreyfus acts as investment adviser, sub-investment adviser or administrator. Dreyfus Management, Inc., another wholly-owned subsidiary, provides investment management services to various pension plans, institutions and individuals.

Officers and Directors of Dreyfus

Name and Position with

Dreyfus

Other Businesses

MANDELL L. BERMAN Director	Real estate consultant and private investor 29100 Northwestern Highway - Suite 370 Southfield, Michigan 48034; Past Chairman of the Board of Trustees of Skillman Foundation; Member of the Board of Vintners International
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ALVIN E. FRIEDMAN Director	Senior Adviser to Dillon, Read & Co. Inc. 535 Madison Avenue New York, New York 10022; Director and member of the Executive Committee of Avnet, Inc.**
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ABIGAIL Q. MCCARTHY Director	Author, lecturer, columnist and educational consultant
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2126 Connecticut Avenue  
Washington, D.C. 20008

DAVID B. TRUMAN  
Director

Educational consultant;  
Past President of the Russell Sage  
Foundation  
230 Park Avenue  
New York, New York 10017;  
Past President of Mount Holyoke College  
South Hadley, Massachusetts 01075;  
Former Director:  
Student Loan Marketing Association  
1055 Thomas Jefferson Street, N.W.  
Washington, D.C. 20006;  
Former Trustee:  
College Retirement Equities Fund  
730 Third Avenue  
New York, New York 10017

HOWARD STEIN  
Chairman of the Board  
and Chief Executive  
Officer

Chairman of the Board:  
Dreyfus Acquisition Corporation\*;  
The Dreyfus Consumer Credit Corporation\*;  
Dreyfus Land Development Corporation\*;  
Dreyfus Management, Inc.\*;  
Dreyfus Service Corporation\*;  
Chairman of the Board and Chief Executive  
Officer:  
Major Trading Corporation\*;  
Director:  
Avnet, Inc.\*\*;  
Dreyfus Partnership Management, Inc.\*;  
Dreyfus Personal Management, Inc.\*;  
Dreyfus Precious Metals, Inc.\*;  
Dreyfus Realty Advisors, Inc.+++;  
Dreyfus Service Organization, Inc.\*;  
The Dreyfus Trust Company++;  
Seven Six Seven Agency, Inc.\*;  
Trustee:  
Corporate Property Investors  
New York, New York

JULIAN M. SMERLING  
Vice Chairman of the  
Board of Directors

Director and Executive Vice President:  
Dreyfus Service Corporation\*;  
Director and Vice President:  
Dreyfus Service Organization, Inc.\*;  
Director and Vice Chairman:  
The Dreyfus Trust Company++;  
The Dreyfus Trust Company (N.J.)++;  
Director:  
The Dreyfus Consumer Credit Corporation\*;  
Dreyfus Partnership Management, Inc.\*;

Seven Six Seven Agency, Inc.\*

JOSEPH S. DiMARTINO  
President, Chief  
Operating Officer  
and Director

Director and Chairman of the Board:  
The Dreyfus Trust Company++;  
Director and President:  
Dreyfus Acquisition Corporation\*;  
The Dreyfus Consumer Credit Corporation\*;  
Dreyfus Partnership Management, Inc.\*;  
The Dreyfus Trust Company (N.J.)++;  
Director and Executive Vice President:  
Dreyfus Service Corporation\*;  
Director and Vice President:  
Dreyfus Service Organization, Inc.\*;  
Director:  
Dreyfus Management, Inc.\*;  
Dreyfus Personal Management, Inc.\*;  
Noel Group, Inc.  
667 Madison Avenue  
New York, New York 10021;  
Trustee:  
Bucknell University  
Lewisburg, Pennsylvania 17837;  
Vice President and former Treasurer and  
Director:  
National Muscular Dystrophy Association  
810 Seventh Avenue  
New York, New York 10019;  
Director, President and Chief Operating  
Officer:  
Major Trading Corporation\*

LAWRENCE M. GREENE  
Legal Consultant  
F.S.B.+;  
and Director

Chairman of the Board:  
The Dreyfus Security Savings Bank,  
Director and Executive Vice President:  
Dreyfus Service Corporation\*;  
Director and Vice President:  
Dreyfus Acquisition Corporation\*;  
Dreyfus Service Organization, Inc.\*;  
Director:  
Dreyfus-Lincoln, Inc.\*;  
Dreyfus Management, Inc.\*;  
Dreyfus Precious Metals, Inc.\*;  
Dreyfus Thrift & Commerce+++;  
The Dreyfus Trust Company (N.J.)++;  
Seven Six Seven Agency, Inc.\*

ROBERT F. DUBUSS  
Vice President

Director and Treasurer:  
Major Trading Corporation\*;  
Director and Vice President:  
The Dreyfus Consumer Credit Corporation\*;

The Truepenny Corporation\*;  
Treasurer:  
Dreyfus Management, Inc.\*;  
Dreyfus Precious Metals, Inc.\*;  
Dreyfus Service Corporation\*;  
Director:  
The Dreyfus Trust Company++;  
The Dreyfus Trust Company (N.J.)++;  
Dreyfus Thrift & Commerce\*\*\*\*

ALAN M. EISNER  
Vice President and  
Chief Financial Officer

Director and President:  
The Truepenny Corporation\*;  
Vice President and Chief Financial  
Officer:  
Dreyfus Acquisition Corporation\*;  
Treasurer:  
Dreyfus Realty Advisors, Inc.+++;  
Director, Treasurer and Financial Officer:  
The Dreyfus Trust Company++;  
The Dreyfus Trust Company (N.J.)++;  
Director:  
Dreyfus Thrift & Commerce\*\*\*\*;  
Director and Vice President:  
The Dreyfus Consumer Credit Corporation\*

ELIE M. GENADRY  
Vice President-  
Institutional Sales

President:  
Institutional Services Division of  
Dreyfus Service Corporation\*;  
Broker-Dealer Division of Dreyfus Service  
Corporation\*;  
Group Retirement Plans Division of Dreyfus  
Service Corporation;  
Executive Vice President:  
Dreyfus Service Corporation\*;  
Dreyfus Service Organization, Inc.\*;  
Vice President:  
The Dreyfus Trust Company++;  
Vice President-Sales:  
The Dreyfus Trust Company (N.J.)++

DANIEL C. MACLEAN  
Vice President and  
General Counsel

Director, Vice President and Secretary:  
Dreyfus Precious Metals, Inc.\*;  
Director and Vice President:  
The Dreyfus Consumer Credit Corporation\*;  
The Dreyfus Trust Company (N.J.)++;  
Director and Secretary:  
Dreyfus Partnership Management, Inc.\*;  
Major Trading Corporation\*;  
The Truepenny Corporation+;  
Director:  
The Dreyfus Trust Company++;

Secretary:  
Seven Six Seven Agency, Inc.\*

PETER A. SANTORIELLO  
Vice President

Director and President:  
Dreyfus Management, Inc.\*;  
Vice President:  
Dreyfus Personal Management, Inc.\*

KIRK V. STUMPP  
Vice President--New  
Product Development

Senior Vice President and Director of  
Marketing:  
Dreyfus Service Corporation\*

PHILIP L. TOIA  
President:  
Vice President and  
Director of Fixed-  
Income Research

Chairman of the Board and Vice  
Director:  
Dreyfus Thrift and Commerce\*\*\*\*;  
The Dreyfus Security Savings Bank, F.S.B.+;  
Senior Loan Officer and Director:  
The Dreyfus Trust Company++;  
Vice President:  
The Dreyfus Consumer Credit Corporation\*;  
Director and President:  
Dreyfus Personal Management, Inc.\*;  
Director:  
Dreyfus Realty Advisors, Inc.+++;  
Formerly, Senior Vice President:  
The Chase Manhattan Bank, N.A. and  
The Chase Manhattan Capital Markets  
Corporation  
One Chase Manhattan Plaza  
New York, New York 10081

KATHERINE C. WICKHAM  
Assistant Vice President-  
of the  
Human Resources

Formerly, Assistant Commissioner:  
Department of Parks and Recreation  
  
City of New York  
830 Fifth Avenue  
New York, New York 10022

MAURICE BENDRIHEM  
Controller

Treasurer:  
Dreyfus Partnership Management, Inc.\*;  
Dreyfus Service Organization, Inc.\*;  
Seven Six Seven Agency, Inc.\*;  
The Truepenny Corporation\*;  
Controller:  
Dreyfus Acquisition Corporation\*;  
The Dreyfus Trust Company++;  
The Dreyfus Trust Company (N.J.)++;  
The Dreyfus Consumer Credit Corporation\*;  
Assistant Treasurer:  
Dreyfus Precious Metals\*;

Formerly, Vice President-Financial  
Planning, Administration and Tax:  
Showtime/The Movie Channel, Inc.  
1633 Broadway  
New York, New York 10019

MARK N. JACOBS  
Secretary and Deputy  
General Counsel

Assistant Secretary:  
Dreyfus Service Organization, Inc.\*;  
Major Trading Corporation\*;  
The Truepenney Corporation\*

CHRISTINE PAVALOS  
Assistant Secretary

Assistant Secretary:  
The Truepenney Corporation\*

\* The address of the business so indicated is 200 Park  
Avenue,  
New York, New York 10166.

\*\* The address of the business so indicated is 80 Cutter  
Mill  
Road, Great Neck, New York 11021.

\*\*\* The address of the business so indicated is Five Triad  
Center,  
Salt Lake City, Utah 84180.

+ The address of the business so indicated is Atrium  
Building,  
80 Route 4 East, Paramus, New Jersey 07652.

++ The address of the business so indicated is 144 Glenn  
Curtiss  
Boulevard, Uniondale, New York 11556-0144.

+++ The address of the business so indicated is One  
Rockefeller  
Plaza, New York, New York 10020.

#### Item 29. Principal Underwriters

(a) Other investment companies for which Registrant's principal  
underwriter (exclusive distributor) acts as principal  
underwriter or exclusive distributor:

1. Comstock Partners Strategy Fund, Inc.
2. Dreyfus A Bonds Plus, Inc.
3. Dreyfus Appreciation Fund, Inc.
4. Dreyfus Asset Allocation Fund, Inc.  
Dreyfus Balanced Fund, Inc.
6. Dreyfus BASIC Money Market Fund, Inc.
7. Dreyfus BASIC Municipal Money Market Fund, Inc.
8. Dreyfus BASIC U.S. Government Money Market Fund
9. Dreyfus California Intermediate Municipal Bond Fund
10. Dreyfus California Tax Exempt Bond Fund, Inc.
11. Dreyfus California Tax Exempt Money Market Fund



12. Dreyfus Capital Value Fund, Inc.
13. Dreyfus Cash Management
14. Dreyfus Cash Management Plus, Inc.
15. Dreyfus Connecticut Intermediate Municipal Bond Fund
16. Dreyfus Connecticut Municipal Money Market Fund, Inc.
  17. Dreyfus Edison Electric Index Fund, Inc.
18. Dreyfus Florida Intermediate Municipal Bond Fund
  19. Dreyfus Florida Municipal Money Market Fund
  20. Dreyfus Focus Funds, Inc.
  21. The Dreyfus Fund Incorporated
  22. Dreyfus Global Bond Fund, Inc.
23. Dreyfus Global Growth, L.P. (A Strategic Fund)
  24. Dreyfus Global Investing, Inc.
  25. Dreyfus GNMA Fund, Inc.
  26. Dreyfus Government Cash Management
  27. Dreyfus Growth Allocation Fund, Inc.
  28. Dreyfus Growth and Income Fund, Inc.
  29. Dreyfus Growth Opportunity Fund, Inc.
  30. Dreyfus Institutional Money Market Fund
31. Dreyfus Institutional Short Term Treasury Fund
  32. Dreyfus Insured Municipal Bond Fund, Inc.
33. Dreyfus Intermediate Municipal Bond Fund, Inc.
  34. Dreyfus International Equity Fund, Inc.
  35. Dreyfus International Recovery Fund, Inc.
  36. Dreyfus Investors GNMA Fund
  37. The Dreyfus Leverage Fund, Inc.
  38. Dreyfus Life and Annuity Index Fund, Inc.
  39. Dreyfus Liquid Assets, Inc.
40. Dreyfus Massachusetts Intermediate Municipal Bond Fund
41. Dreyfus Massachusetts Municipal Money Market Fund
  42. Dreyfus Massachusetts Tax Exempt Bond Fund
43. Dreyfus Michigan Municipal Money Market Fund, Inc.
  44. Dreyfus Money Market Instruments, Inc.
  45. Dreyfus Municipal Bond Fund, Inc.
  46. Dreyfus Municipal Cash Management Plus
  47. Dreyfus Municipal Money Market Fund, Inc.
48. Dreyfus New Jersey Intermediate Municipal Bond Fund
  49. Dreyfus New Jersey Municipal Bond Fund, Inc.
50. Dreyfus New Jersey Municipal Money Market Fund, Inc.
  51. Dreyfus New Leaders Fund, Inc.
  52. Dreyfus New York Insured Tax Exempt Bond Fund
  53. Dreyfus New York Municipal Cash Management
  54. Dreyfus New York Tax Exempt Bond Fund, Inc.
55. Dreyfus New York Tax Exempt Intermediate Bond Fund
  56. Dreyfus New York Tax Exempt Money Market Fund
57. Dreyfus Ohio Municipal Money Market Fund, Inc.
58. Dreyfus 100% U.S. Treasury Intermediate Term Fund
  59. Dreyfus 100% U.S. Treasury Long Term Fund
  60. Dreyfus 100% U.S. Treasury Money Market Fund
  61. Dreyfus 100% U.S. Treasury Short Term Fund
62. Dreyfus Pennsylvania Intermediate Municipal Bond Fund

- 63. Dreyfus Pennsylvania Municipal Money Market Fund
  - 64. Dreyfus Short-Intermediate Government Fund
- 65. Dreyfus Short-Intermediate Municipal Bond Fund
  - 66. Dreyfus Short-Term Income Fund, Inc.
- 67. The Dreyfus Socially Responsible Growth Fund, Inc.
  - 68. Dreyfus Strategic Growth, L.P.
  - 69. Dreyfus Strategic Income
  - 70. Dreyfus Strategic Investing
  - 71. Dreyfus Tax Exempt Cash Management
  - 72. The Dreyfus Third Century Fund, Inc.
  - 73. Dreyfus Treasury Cash Management
  - 74. Dreyfus Treasury Prime Cash Management
  - 75. Dreyfus Variable Investment Fund
  - 76. Dreyfus-Wilshire Target Funds, Inc.
- 77. Dreyfus Worldwide Dollar Money Market Fund, Inc.
  - 78. First Prairie Cash Management
  - 79. First Prairie Diversified Asset Fund
  - 80. First Prairie Money Market Fund
  - 81. First Prairie Municipal Money Market Fund
  - 82. First Prairie Tax Exempt Bond Fund, Inc.
  - 83. First Prairie U.S. Government Income Fund
- 84. First Prairie U.S. Treasury Securities Cash Management
  - 85. General California Municipal Bond Fund, Inc.
- 86. General California Municipal Money Market Fund
  - 87. General Government Securities Money Market Fund, Inc.
  - 88. General Money Market Fund, Inc.
  - 89. General Municipal Bond Fund, Inc.
  - 90. General Municipal Money Market Fund, Inc.
  - 91. General New York Municipal Bond Fund, Inc.
  - 92. General New York Municipal Money Market Fund
  - 93. Pacific American Fund
  - 94. Peoples Index Fund, Inc.
  - 95. Peoples S&P MidCap Index Fund, Inc.
  - 96. Premier California Municipal Bond Fund
  - 97. Premier GNMA Fund
  - 98. Premier Growth Fund, Inc.
  - 99. Premier Insured Municipal Bond Fund
  - 100. Premier Municipal Bond Fund
  - 101. Premier New York Municipal Bond Fund
  - 102. Premier State Municipal Bond Fund

(b)

Name and principal business address	Positions and offices with Premier Mutual Fund Services, Inc.	Positions and offices with Registrant
Marie E. Connolly*	President and Chief Operating Officer	President and Treasurer
Joseph F. Tower III*	Treasurer and Chief	Assistant



SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant has duly caused this Amendment to Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, and State of New York, on the 25th day of August, 1994.

DREYFUS ASSET ALLOCATION FUND, INC.  
(Registrant)

By: /s/ Marie E. Connolly  
Marie E. Connolly, President

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

/s/ Marie E. Connolly                      President                      August 25,  
1994  
Marie E. Connolly                      (Principal Executive  
Officer) and Treasurer

/s/ Joseph F. Tower, III                      Assistant Treasurer                      August 25, 1994  
Joseph F. Tower, III                      (Principal Financial  
and Accounting Officer)

/s/ Lucy Wilson Benson\*                      Director                      August 25, 1994  
Lucy Wilson Benson

/s/ David W. Burke\*                      Director                      August 25, 1994  
David W. Burke

/s/ Martin D. Fife\*                      Director                      August 25, 1994  
Martin D. Fife

/s/ Whitney I. Gerard\*                      Director                      August 25, 1994  
Whitney I. Gerard

/s/ Robert R. Glauber\*                      Director                      August 25, 1994  
Robert R. Glauber

/s/ Arthur A. Hartman\*                      Director                      August 25, 1994  
Arthur A. Hartman

/s/ George L. Perry\*                      Director                      August 25, 1994  
George L. Perry

/s/ Paul Wolfowitz\*                      Director                      August 25, 1994  
Paul Wolfowitz

\*BY:            /s/ Steven F. Newman                      August 25, 1994  
Steven F. Newman  
Attorney-in-Fact

DREYFUS ASSET ALLOCATION FUND, INC.

Post-Effective Amendment No. 4 to  
Registration Statement on Form N-1A under  
the Securities Act of 1933 and  
the Investment Company Act of 1940

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EXHIBITS

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EXHIBIT (1) (b)

ARTICLES SUPPLEMENTARY

DREYFUS ASSET ALLOCATION FUND, INC., a Maryland corporation having its principal office in the State of Maryland at 32 South Street, Baltimore, Maryland (hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation that:

FIRST: The Board of Directors of the Corporation has reclassified two hundred million (200,000,000) unissued shares of Common Stock of the Corporation as follows: one hundred million (100,000,000) unissued shares of Class D Common Stock are reclassified as shares of Dreyfus Income Portfolio Common Stock; fifty million (50,000,000) unissued shares of Class D Common Stock and fifty million (50,000,000) unissued shares of Class C Common Stock are reclassified as shares of Dreyfus Growth Portfolio Common Stock; all shares of Common Stock previously classified as Class D Common Stock having been reclassified, the Class D Common Stock and the Class C Common Stock of the Corporation shall no longer be subject to the provisions of Article FIFTH (5) (d) of the Articles of Incorporation.

SECOND: The Dreyfus Income Portfolio Common Stock and Dreyfus Growth Portfolio Common Stock shares classified hereby shall have, respectively, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption as set forth in Article FIFTH, paragraph (5) of the Articles of Incorporation and shall be subject to all of the provisions of the Articles of Incorporation relating to shares of the Corporation generally.

THIRD: The Board of Directors of the Corporation has reclassified the aforesaid shares pursuant to authority provided in the Corporation's Charter.

The undersigned President acknowledges these Articles Supplementary to be the corporate act of the Corporation and states that to the best of his knowledge, information and belief, the matters and facts with respect to authorization and approval set forth in these Articles are true in all material respects and that this statement is made under penalties of perjury.

IN WITNESS WHEREOF, DREYFUS ASSET ALLOCATION FUND, INC. has caused these Articles Supplementary to be signed in its name and on its behalf by its President and witnessed by its Secretary on August 25, 1994.

DREYFUS ASSET ALLOCATION FUND, INC.

By:/s/ Marie E. Connolly  
Marie E. Connolly, President

Witness:

/s/ John E. Pelletier  
John E. Pelletier,  
Secretary

EXHIBIT (5) (b)

MANAGEMENT AGREEMENT

DREYFUS ASSET ALLOCATION FUND, INC.

August , 1994

The Dreyfus Corporation  
200 Park Avenue  
New York, New York 10166

Dear Sirs:

The above-named investment company (the "Fund") consisting of the series named on Schedule 1 hereto, as such Schedule may be revised from time to time (each, a "Series"), herewith confirms its agreement with you as follows:

The Fund desires to employ its capital by investing and reinvesting the same in investments of the type and in accordance with the limitations specified in its charter documents and in its Prospectus and Statement of Additional Information as from time to time in effect, copies of which have been or will be submitted to you, and in such manner and to such extent as from time to time may be approved by the Fund's Board. The Fund desires to employ you to act as its investment adviser.

In this connection it is understood that from time to time you will employ or associate with yourself such person or persons as you may believe to be particularly fitted to assist you in the performance of



this Agreement. Such person or persons may be officers or employees who are employed by both you and the Fund. The compensation of such person or persons shall be paid by you and no obligation may be incurred on the Fund's behalf in any such respect.

Subject to the supervision and approval of the Fund's Board, you will provide investment management of each Series' portfolio in accordance with such Series' investment objectives and policies as stated in the Fund's Prospectus and Statement of Additional Information as from time to time in effect. In connection therewith, you will obtain and provide investment research and will supervise each Series' investments and conduct a continuous program of investment, evaluation and, if appropriate, sale and reinvestment of such Series' assets. You will furnish to the Fund such statistical information, with respect to the investments which a Series may hold or contemplate purchasing, as the Fund may reasonably request. The Fund wishes to be informed of important developments materially affecting any Series' portfolio and shall expect you, on your own initiative, to furnish to the Fund from time to time such information as you may believe appropriate for this purpose.

In addition, you will supply office facilities (which may be in your own offices), data processing services, clerical, accounting and bookkeeping services, internal auditing and legal services, internal executive and administrative services, and stationery and office supplies; prepare reports to each Series' stockholders, tax returns, reports to and filings with the Securities and Exchange Commission and state Blue Sky authorities; calculate the net asset value of each Series' shares; and generally assist in all aspects of the Fund's operations. You shall have the right, at your expense, to engage other entities to assist you in performing some or all of the obligations set forth in this paragraph, provided each such entity enters into an agreement with you in form and substance reasonably satisfactory to the Fund. You agree to be liable for the acts or omissions of each such entity to the same extent as if you had acted or failed to act under the circumstances.

You shall exercise your best judgment in rendering the services to be provided to the Fund hereunder and the Fund agrees

as an inducement to your undertaking the same that you shall not be liable hereunder for any error of judgment or mistake of law or for any loss suffered by one or more Series, provided that nothing herein shall be deemed to protect or purport to protect you against any liability to the Fund or a Series or to its security holders to which you would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of your duties hereunder, or by reason of your reckless disregard of your obligations and duties hereunder.

In consideration of services rendered pursuant to this Agreement, the Fund will pay you on the first business day of each month a fee at the rate set forth opposite each Series' name on Schedule 1 hereto. Net asset value shall be computed on such days and at such time or times as described in the Fund's then-current Prospectus and Statement of Additional Information. The fee for the period from the date of the commencement of the public sale of a Series' shares to the end of the month during which such sale shall have been commenced shall be pro-rated according to the proportion which such period bears to the full monthly period, and upon any termination of this Agreement before the end of any month, the fee for such part of a month shall be pro-rated according to the proportion which such period bears to the full monthly period and shall be payable upon the date of termination of this Agreement.

For the purpose of determining fees payable to you, the value of each Series' net assets shall be computed in the manner specified in the Fund's charter documents for the computation of the value of each Series' net assets.

You will bear all expenses in connection with the performance of your services under this Agreement. All other expenses to be incurred in the operation of the Fund will be borne by the Fund, except to the extent specifically assumed by you. The expenses to be borne by the Fund include, without limitation, the following: organizational costs, taxes, interest, loan commitment fees, interest and distributions paid on securities sold short, brokerage fees and commissions, if any, fees of Board members who are not your officers, directors or employees or holders of 5% or more of your outstanding voting securities, Securities and Exchange Commission fees and state Blue Sky qualification fees, advisory fees, charges of custodians, transfer and dividend disbursing agents' fees, certain insurance premiums, industry association fees, outside auditing and legal expenses, costs of independent pricing services, costs of maintaining the Fund's

existence, costs attributable to investor services (including, without limitation, telephone and personnel expenses), costs of preparing and printing prospectuses and statements of additional information for regulatory purposes and for distribution to existing stockholders, costs of stockholders' reports and meetings, and any extraordinary expenses.

As to each Series, if in any fiscal year the aggregate expenses of the Fund (including fees pursuant to this Agreement, but excluding interest, taxes, brokerage and, with the prior written consent of the necessary state securities commissions, extraordinary expenses) exceed the expense limitation of any state having jurisdiction over the Series, the Fund may deduct from the fees to be paid hereunder, or you will bear, such excess expense to the extent required by state law. Your obligation pursuant hereto will be limited to the amount of your fees hereunder. Such deduction or payment, if any, will be estimated daily, and reconciled and effected or paid, as the case may be, on a monthly basis.

The Fund understands that you now act, and that from time to time hereafter you may act, as investment adviser to one or more other investment companies and fiduciary or other managed accounts, and the Fund has no objection to your so acting, provided that when the purchase or sale of securities of the same issuer is suitable for the investment objectives of two or more companies or accounts managed by you which have available funds for investment, the available securities will be allocated in a manner believed by you to be equitable to each company or account. It is recognized that in some cases this procedure may adversely affect the price paid or received by one or more Series or the size of the position obtainable for or disposed of by one or more Series.

In addition, it is understood that the persons employed by you to assist in the performance of your duties hereunder will not devote their full time to such service and nothing contained herein shall be deemed to limit or restrict your right or the right of any of your affiliates to engage in and devote time and attention to other businesses or to render services of whatever kind or nature.

You shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except for a loss resulting from willful misfeasance, bad faith or gross negligence on your part in the performance of your duties or from

reckless disregard by you of your obligations and duties under this Agreement. Any person, even though also your officer, director, partner, employee or agent, who may be or become an officer, Board member, employee or agent of the Fund, shall be deemed, when rendering services to the Fund or acting on any business of the Fund, to be rendering such services to or acting solely for the Fund and not as your officer, director, partner, employee or agent or one under your control or direction even though paid by you.

As to each Series, this Agreement shall continue until the date set forth opposite such Series' name on Schedule 1 hereto (the "Reapproval Date") and thereafter shall continue automatically for successive annual periods ending on the day of each year set forth opposite the Series' name on Schedule 1 hereto (the "Reapproval Day"), provided such continuance is specifically approved at least annually by (i) the Fund's Board or (ii) vote of a majority (as defined in the Investment Company Act of 1940) of such Series' outstanding voting securities, provided that in either event its continuance also is approved by a majority of the Fund's Board members who are not "interested persons" (as defined in said Act) of any party to this Agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. As to each Series, this Agreement is terminable without penalty, on 60 days' notice, by the Fund's Board or by vote of holders of a majority of such Series' shares or, upon not less than 90 days' notice, by you. This Agreement also will terminate automatically, as to the relevant Series, in the event of its assignment (as defined in said Act).

The Fund recognizes that from time to time your directors, officers and employees may serve as directors, trustees, partners, officers and employees of other corporations, business trusts, partnerships or other entities (including other investment companies) and that such other entities may include the name "Dreyfus" as part of their name, and that your corporation or its affiliates may enter into investment advisory or other agreements with such other entities.

If you cease to act as the Fund's investment adviser, the Fund agrees that, at your request, the Fund will take all necessary action to change the name of the Fund to a name not including "Dreyfus" in any form or combination of words.

If the foregoing is in accordance with your understanding, will you kindly so indicate by signing and returning to us the enclosed copy hereof.

Very truly yours,

DREYFUS ASSET ALLOCATION FUND, INC.

By: \_\_\_\_\_

Accepted:

THE DREYFUS CORPORATION

By: \_\_\_\_\_

SCHEDULE 1

Name of Series	Annual Fee as a Percentage of Average Daily Net Assets	Reapproval Date	Reapproval Day
Dreyfus Growth Portfolio	.75 of 1%	September 30, 1995	September 30th
Dreyfus Income Portfolio	.75 of 1%	September 30, 1995	September 30th
Dreyfus Total Return Portfolio	.75 of 1%	September 30, 1995	September 30th

EXHIBIT (6) (c)

DISTRIBUTION AGREEMENT

DREYFUS ASSET ALLOCATION FUND, INC.

August , 1994

Premier Mutual Fund Services, Inc.  
One Exchange Place  
Tenth Floor  
Boston, Massachusetts 02109

Dear Sirs:

This is to confirm that, in consideration of the agreements hereinafter contained, the above-named investment company (the "Fund") has agreed that you shall be, for the period of this agreement, the distributor of (a) shares of each Series of the Fund set forth on Exhibit A hereto, as such Exhibit may be revised from time to time (each, a "Series") or (b) if no Series are set forth on such Exhibit, shares of the Fund. For purposes of this agreement the term "Shares" shall mean the authorized shares of the relevant Series, if any, and otherwise shall mean the Fund's authorized shares.

1. Services as Distributor

1.1 You will act as agent for the distribution of Shares covered by, and in accordance with, the registration statement and prospectus then in effect under the Securities Act of 1933, as amended, and will transmit promptly any orders received by you for purchase or redemption of Shares to the Transfer and Dividend Disbursing Agent for the Fund of which the Fund has notified you in writing.

1.2 You agree to use your best efforts to solicit orders for the sale of Shares. It is contemplated that you will enter into sales or servicing agreements with securities dealers, financial institutions and other industry professionals, such as investment advisers, accountants and estate planning firms, and in so doing you will act only on your own behalf as principal.

1.3 You shall act as distributor of Shares in compliance with all applicable laws, rules and regulations, including, without limitation, all rules and regulations made or adopted pursuant to the Investment Company Act of 1940, as amended, by the Securities and Exchange Commission or any

securities association registered under the Securities Exchange Act of 1934, as amended.

1.4 Whenever in their judgment such action is warranted by market, economic or political conditions, or by abnormal circumstances of any kind, the Fund's officers may decline to accept any orders for, or make any sales of, any Shares until such time as they deem it advisable to accept such orders and to make such sales and the Fund shall advise you promptly of such determination.

1.5 The Fund agrees to pay all costs and expenses in connection with the registration of Shares under the Securities Act of 1933, as amended, and all expenses in connection with maintaining facilities for the issue and transfer of Shares and for supplying information, prices and other data to be furnished by the Fund hereunder, and all expenses in connection with the preparation and printing of the Fund's prospectuses and statements of additional information for regulatory purposes and for distribution to shareholders; provided, however, that nothing contained herein shall be deemed to require the Fund to pay any of the costs of advertising the sale of Shares.

1.6 The Fund agrees to execute any and all documents and to furnish any and all information and otherwise to take all actions which may be reasonably necessary in the discretion of the Fund's officers in connection with the qualification of Shares for sale in such states as you may designate to the Fund and the Fund may approve, and the Fund agrees to pay all expenses which may be incurred in connection with such qualification. You shall pay all expenses connected with your own qualification as a dealer under state or Federal laws and, except as otherwise specifically provided in this agreement, all other expenses incurred by you in connection with the sale of Shares as contemplated in this agreement.

1.7 The Fund shall furnish you from time to time, for use in connection with the sale of Shares, such information with respect to the Fund or any relevant Series and the Shares as you may reasonably request, all of which shall be signed by one or more of the Fund's duly authorized officers; and the Fund warrants that the statements contained in any such information, when so signed by the Fund's officers, shall be true and correct. The Fund also shall furnish you upon request with: (a) semi-annual reports and annual audited reports of the Fund's books and accounts made by independent public accountants regularly retained by the Fund, (b) quarterly

earnings statements prepared by the Fund, (c) a monthly itemized list of the securities in the Fund's or, if applicable, each Series' portfolio, (d) monthly balance sheets as soon as practicable after the end of each month, and (e) from time to time such additional information regarding the Fund's financial condition as you may reasonably request.

1.8 The Fund represents to you that all registration statements and prospectuses filed by the Fund with the Securities and Exchange Commission under the Securities Act of 1933, as amended, and under the Investment Company Act of 1940, as amended, with respect to the Shares have been carefully prepared in conformity with the requirements of said Acts and rules and regulations of the Securities and Exchange Commission thereunder. As used in this agreement the terms "registration statement" and "prospectus" shall mean any registration statement and prospectus, including the statement of additional information incorporated by reference therein, filed with the Securities and Exchange Commission and any amendments and supplements thereto which at any time shall have been filed with said Commission. The Fund represents and warrants to you that any registration statement and prospectus, when such registration statement becomes effective, will contain all statements required to be stated therein in conformity with said Acts and the rules and regulations of said Commission; that all statements of fact contained in any such registration statement and prospectus will be true and correct when such registration statement becomes effective; and that neither any registration statement nor any prospectus when such registration statement becomes effective will include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Fund may but shall not be obligated to propose from time to time such amendment or amendments to any registration statement and such supplement or supplements to any prospectus as, in the light of future developments, may, in the opinion of the Fund's counsel, be necessary or advisable. If the Fund shall not propose such amendment or amendments and/or supplement or supplements within fifteen days after receipt by the Fund of a written request from you to do so, you may, at your option, terminate this agreement or decline to make offers of the Fund's securities until such amendments are made. The Fund shall not file any amendment to any registration statement or supplement to any prospectus without giving you reasonable notice thereof in



advance; provided, however, that nothing contained in this agreement shall in any way limit the Fund's right to file at any time such amendments to any registration statement and/or supplements to any prospectus, of whatever character, as the Fund may deem advisable, such right being in all respects absolute and unconditional.

1.9 The Fund authorizes you to use any prospectus in the form furnished to you from time to time, in connection with the sale of Shares.

The Fund agrees to indemnify, defend and hold you, your several officers and directors, and any person who controls you within the meaning of Section 15 of the Securities Act of 1933, as amended, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which you, your officers and directors, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law or otherwise, arising out of or based upon any untrue statement, or alleged untrue statement, of a material fact contained in any registration statement or any prospectus or arising out of or based upon any omission, or alleged omission, to state a material fact required to be stated in either any registration statement or any prospectus or necessary to make the statements in either thereof not misleading; provided, however, that the Fund's agreement to indemnify you, your officers or directors, and any such controlling person shall not be deemed to cover any claims, demands, liabilities or expenses arising out of any untrue statement or alleged untrue statement or omission or alleged omission made in any registration statement or prospectus in reliance upon and in conformity with written information furnished to the Fund by you specifically for use in the preparation thereof. The Fund's agreement to indemnify you, your officers and directors, and any such controlling person, as aforesaid, is expressly conditioned upon the Fund's being notified of any action brought against you, your officers or directors, or any such controlling person, such notification to be given by letter or by telegram addressed to the Fund at its address set forth above within ten days after the summons or other first legal process shall have been served. The failure so to notify the Fund of any such action shall not relieve the Fund from any liability which the Fund may have to the person against whom such action is brought by reason of any such untrue, or alleged untrue, statement or omission, or alleged

omission, otherwise than on account of the Fund's indemnity agreement contained in this paragraph 1.9. The Fund will be entitled to assume the defense of any suit brought to enforce any such claim, demand or liability, but, in such case, such defense shall be conducted by counsel of good standing chosen by the Fund and approved by you. In the event the Fund elects to assume the defense of any such suit and retain counsel of good standing approved by you, the defendant or defendants in such suit shall bear the fees and expenses of any additional counsel retained by any of them; but in case the Fund does not elect to assume the defense of any such suit, or in case you do not approve of counsel chosen by the Fund, the Fund will reimburse you, your officers and directors, or the controlling person or persons named as defendant or defendants in such suit, for the fees and expenses of any counsel retained by you or them. The Fund's indemnification agreement contained in this paragraph 1.9 and the Fund's representations and warranties in this agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of you, your officers and directors, or any controlling person, and shall survive the delivery of any Shares. This agreement of indemnity will inure exclusively to your benefit, to the benefit of your several officers and directors, and their respective estates, and to the benefit of any controlling persons and their successors. The Fund agrees promptly to notify you of the commencement of any litigation or proceedings against the Fund or any of its officers or Board members in connection with the issue and sale of Shares.

1.10 You agree to indemnify, defend and hold the Fund, its several officers and Board members, and any person who controls the Fund within the meaning of Section 15 of the Securities Act of 1933, as amended, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers or Board members, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its officers or Board members, or such controlling person resulting from such claims or demands, shall arise out of or be based upon any untrue, or alleged untrue, statement of a material fact contained in information furnished in writing by you to the

Fund specifically for use in the Fund's registration statement and used in the answers to any of the items of the registration statement or in the corresponding statements made in the prospectus, or shall arise out of or be based upon any omission, or alleged omission, to state a material fact in connection with such information furnished in writing by you to the Fund and required to be stated in such answers or necessary to make such information not misleading. Your agreement to indemnify the Fund, its officers and Board members, and any such controlling person, as aforesaid, is expressly conditioned upon your being notified of any action brought against the Fund, its officers or Board members, or any such controlling person, such notification to be given by letter or telegram addressed to you at your address set forth above within ten days after the summons or other first legal process shall have been served. You shall have the right to control the defense of such action, with counsel of your own choosing, satisfactory to the Fund, if such action is based solely upon such alleged misstatement or omission on your part, and in any other event the Fund, its officers or Board members, or such controlling person shall each have the right to participate in the defense or preparation of the defense of any such action. The failure so to notify you of any such action shall not relieve you from any liability which you may have to the Fund, its officers or Board members, or to such controlling person by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of your indemnity agreement contained in this paragraph 1.10. This agreement of indemnity will inure exclusively to the Fund's benefit, to the benefit of the Fund's officers and Board members, and their respective estates, and to the benefit of any controlling persons and their successors.

You agree promptly to notify the Fund of the commencement of any litigation or proceedings against you or any of your officers or directors in connection with the issue and sale of Shares.

1.11 No Shares shall be offered by either you or the Fund under any of the provisions of this agreement and no orders for the purchase or sale of such Shares hereunder shall be accepted by the Fund if and so long as the effectiveness of the registration statement then in effect or any necessary amendments thereto shall be suspended under any of the provisions of the Securities Act of 1933, as amended, or if and so long as a current prospectus as required by Section 10 of said Act, as amended, is not on file with the Securities and Exchange Commission; provided, however, that nothing contained in this paragraph 1.11 shall in any way restrict or have an application to or bearing upon the Fund's obligation to

repurchase any Shares from any shareholder in accordance with the provisions of the Fund's prospectus or charter documents.

1.12 The Fund agrees to advise you immediately in writing:

(a) of any request by the Securities and Exchange Commission for amendments to the registration statement or prospectus then in effect or for additional information;

(b) in the event of the issuance by the Securities and Exchange Commission of any stop order suspending the effectiveness of the registration statement or prospectus then in effect or the initiation of any proceeding for that purpose;

(c) of the happening of any event which makes untrue any statement of a material fact made in the registration statement or prospectus then in effect or which requires the making of a change in such registration statement or prospectus in order to make the statements therein not misleading; and

(d) of all actions of the Securities and Exchange Commission with respect to any amendments to any registration statement or prospectus which may from time to time be filed with the Securities and Exchange Commission.

## 2. Offering Price

Shares of any class of the Fund offered for sale by you shall be offered for sale at a price per share (the "offering price") approximately equal to (a) their net asset value (determined in the manner set forth in the Fund's charter documents) plus (b) a sales charge, if any and except to those persons set forth in the then-current prospectus, which shall be the percentage of the offering price of such Shares as set forth in the Fund's then-current prospectus. The offering price, if not an exact multiple of one cent, shall be adjusted to the nearest cent. In addition, Shares of any class of the Fund offered for sale by you may be subject to a contingent deferred sales charge as set forth in the Fund's then-current prospectus. You shall be entitled to receive any sales charge or contingent deferred sales charge in respect of the Shares. Any payments to dealers shall be governed by a separate agreement between you and such dealer and the Fund's then-current prospectus.

## 3. Term

This agreement shall continue until the date (the

"Reapproval Date") set forth on Exhibit A hereto (and, if the Fund has Series, a separate Reapproval Date shall be specified on Exhibit A for each Series), and thereafter shall continue automatically for successive annual periods ending on the day (the "Reapproval Day") of each year set forth on Exhibit A hereto, provided such continuance is specifically approved at least annually by (i) the Fund's Board or (ii) vote of a majority (as defined in the Investment Company Act of 1940) of the Shares of the Fund or the relevant Series, as the case may be, provided that in either event its continuance also is approved by a majority of the Board members who are not "interested persons" (as defined in said Act) of any party to this agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. This agreement is terminable without penalty, on 60 days' notice, by vote of holders of a majority of the Fund's or, as to any relevant Series, such Series' outstanding voting securities or by the Fund's Board as to the Fund or the relevant Series, as the case may be. This agreement is terminable by you, upon 270 days' notice, effective on or after the fifth anniversary of the date hereof. This agreement also will terminate automatically, as to the Fund or relevant Series, as the case may be, in the event of its assignment (as defined in said Act).

#### 4. Exclusivity

So long as you act as the distributor of Shares, you shall not perform any services for any entity other than investment companies advised or administered by The Dreyfus Corporation. The Fund acknowledges that the persons employed by you to assist in the performance of your duties under this agreement may not devote their full time to such service and nothing contained in this agreement shall be deemed to limit or restrict your or any of your affiliates right to engage in and devote time and attention to other businesses or to render services of whatever kind or nature.

Please confirm that the foregoing is in accordance with your understanding and indicate your acceptance hereof by signing below, whereupon it shall become a binding agreement between us.

Very truly yours,

DREYFUS ASSET ALLOCATION FUND, INC.

By:

Accepted:

PREMIER MUTUAL FUND SERVICES, INC.

By: \_\_\_\_\_

EXHIBIT A

Name of Series Day	Reapproval Date	Reapproval
Dreyfus Growth Portfolio	September 30, 1995	September 30th
Dreyfus Income Portfolio	September 30, 1995	September 30th
Dreyfus Total Return Portfolio	September 30, 1995	September 30th

EXHIBIT (9) (b)

DREYFUS ASSET ALLOCATION FUND, INC.

SHAREHOLDER SERVICES PLAN

Introduction: It has been proposed that the above-captioned investment company (the "Fund") adopt a Shareholder Services Plan under which the Fund would pay the Fund's distributor (the "Distributor") for providing services to (a) shareholders of each series of the Fund or class of Fund shares set forth on Exhibit A hereto, as such Exhibit may be revised from time to time, or (b) if no series or classes are set forth on such Exhibit, shareholders of the Fund. The Distributor would be permitted to pay certain financial institutions, securities dealers and other industry professionals (collectively, "Service Agents") in respect of these services. The Plan is not to be adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, as amended (the "Act"), and the fee under the Plan is intended to be a "service fee" as defined in Article III, Section 26, of the NASD Rules of Fair Practice.

The Fund's Board, in considering whether the Fund should implement a written plan, has requested and evaluated such information as it deemed necessary to an informed determination as to whether a written plan should be implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use Fund assets for such purposes.

In voting to approve the implementation of such a plan, the Board has concluded, in the exercise of its reasonable business judgment and in light of applicable fiduciary duties, that there is a reasonable likelihood that the plan set forth below will benefit the Fund and its shareholders.

The Plan: The material aspects of this Plan are as follows:

1. The Fund shall pay to the Distributor a fee at the annual rate set forth on Exhibit A in respect of the provision of personal services to shareholders and/or the maintenance of shareholder accounts. The Distributor shall determine the amounts to be paid to Service Agents and the basis on which such payments will be made. Payments to a Service Agent are subject to compliance by the Service Agent with the terms of any related Plan agreement between the Service Agent and the Distributor.

2. For the purpose of determining the fees payable under this Plan, the value of the net assets of the Fund or the net assets attributable to each series or class of Fund shares identified on Exhibit A, as applicable, shall be computed in the manner specified in the Fund's charter documents for the computation of net asset value.

3. The Board shall be provided, at least quarterly, with a written report of all amounts expended pursuant to this Plan. The report shall state the purpose for which the amounts were expended.

4. This Plan will become effective immediately upon approval by a majority of the Board members, including a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan, pursuant to a vote cast in person at a meeting called for the purpose of voting on the approval of this Plan.

5. This Plan shall continue for a period of one year from its effective date, unless earlier terminated in accordance with its terms, and thereafter shall continue automatically for successive annual periods, provided such continuance is approved at least annually in the manner provided in paragraph 4 hereof.

6. This Plan may be amended at any time by the Board, provided that any material amendments of the terms of this Plan shall become effective only upon approval as provided in paragraph 4 hereof.

7. This Plan is terminable without penalty at any time by vote of a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan.

Dated: August , 1994

EXHIBIT A

Name of Series	Fee
Dreyfus Growth Portfolio	.25 of 1%
Dreyfus Income Portfolio	.25 of 1%
Dreyfus Total Return Portfolio	.25 of 1%

EXHIBIT (11)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the captions "Condensed Financial Information" and "Custodian, Transfer and Dividend Disbursing Agent, Counsel and Independent Auditors" and to the use of our report dated June 6, 1994, in this Registration Statement (Form N-1A No. 33-62626) of Dreyfus Asset Allocation Fund, Inc.

ERNST & YOUNG LLP

New York, New York  
August 22, 1994



DREYFUS ASSET ALLOCATION FUND, INC.

DISTRIBUTION PLAN

Introduction: It has been proposed that the above-captioned investment company (the "Fund") adopt a Distribution Plan (the "Plan") in accordance with Rule 12b-1 promulgated under the Investment Company Act of 1940, as amended (the "Act"), with respect to (a) each series of the Fund or class of Fund shares set forth on Exhibit A hereto, as such Exhibit may be revised from time to time, or (b) if no series or classes are set forth on such Exhibit, the Fund. Under the Plan, the Fund would pay for the costs and expenses of preparing, printing and distributing its prospectuses and statements of additional information, and would (a) reimburse the Fund's distributor (the "Distributor") for payments to third parties for distributing the Fund's shares (the payments in this clause (a) being referred to as the "Distributor Payments") and (b) pay The Dreyfus Corporation, Dreyfus Service Corporation and any affiliate of either of them (collectively, "Dreyfus") for advertising and marketing relating to the Fund (the payments in this clause (b) being referred to as "Dreyfus Payments"). If this proposal is to be implemented, the Act and said Rule 12b-1 require that a written plan describing all material aspects of the proposed financing be adopted by the Fund.

The Fund's Board, in considering whether the Fund should implement a written plan, has requested and evaluated such information as it deemed necessary to an informed determination as to whether a written plan should be implemented and has considered such pertinent factors as it deemed necessary to form the basis for a decision to use assets of the Fund for such purposes.

In voting to approve the implementation of such a plan, the Board members have concluded, in the exercise of their reasonable business judgment and in light of their respective fiduciary duties, that there is a reasonable likelihood that the plan set forth below will benefit the Fund and its shareholders.

The Plan: The material aspects of this Plan are as follows:

1. The Fund shall pay all costs of preparing and printing prospectuses and statements of additional information for regulatory purposes and for distribution to existing shareholders. The Fund also shall pay an amount of the costs and expenses in connection with (a) preparing, printing and distributing the Fund's prospectuses and statements of additional information used for other purposes and (b) implementing and operating this Plan, such aggregate amount not to exceed in any fiscal year of the Fund the greater of \$100,000 or .005 of 1% of the average daily value of the Fund's net assets for such fiscal year.

2. (a) The aggregate annual fee the Fund may pay under this Plan for Distributor Payments and Dreyfus Payments is .50 of 1% of the value of the Fund's average daily net assets for such year (the "Aggregate Amount").

(b) The Fund shall reimburse the Distributor in respect of Distributor Payments an amount not to exceed an annual rate of .50 of 1% of the value of the Fund's average daily net assets for such year (the "Distributor Amount").

(c) The Fund shall pay Dreyfus in respect of Dreyfus Payments an annual fee equal to the difference between the Aggregate Amount and the Distributor Amount for such year.

(d) The Distributor may pay third parties in respect of distribution services. The Distributor shall determine the amounts to be paid to such persons under this Plan and the basis on which such payments will be made. Such payments are subject to compliance by such persons with the terms of any related Plan agreement between such person and the Distributor.

3. For the purposes of determining the fees payable under this Plan, the value of the Fund's net assets shall be computed in the manner specified in the Fund's charter documents as then in effect for the computation of the value of the Fund's net assets.

4. The Fund's Board shall be provided, at least quarterly, with a written report of all amounts expended pursuant to this Plan. The report shall state the purpose for which the amounts were expended.

5. This Plan will become effective upon approval by (a) holders of a majority of the Fund's outstanding shares, and (b) a

majority of the Board members, including a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan, pursuant to a vote cast in person at a meeting called for the purpose of voting on the approval of this Plan.

6. This Plan shall continue for a period of one year from its effective date, unless earlier terminated in accordance with its terms, and thereafter shall continue automatically for successive annual periods, provided such continuance is approved at least annually in the manner provided in paragraph 5(b) hereof.

7. This Plan may be amended at any time by the Fund's Board, provided that (a) any amendment to increase materially the costs which the Fund may bear pursuant to this Plan shall be effective only upon approval by a vote of the holders of a majority of the Fund's outstanding shares, and (b) any material amendments of the terms of this Plan shall become effective only upon approval as provided in paragraph 5(b) hereof.

8. This Plan is terminable without penalty at any time by (a) vote of a majority of the Board members who are not "interested persons" (as defined in the Act) of the Fund and have no direct or indirect financial interest in the operation of this Plan or in any agreements entered into in connection with this Plan or (b) vote of the holders of a majority of the Fund's outstanding shares.

Dated: August , 1994

#### EXHIBIT A

##### Name of Series

Dreyfus Growth Portfolio  
Dreyfus Income Portfolio  
Dreyfus Total Return Portfolio

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Daniel C. Maclean, Mark N. Jacobs and Steven F. Newman, and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to this Registration Statement (including post-effective amendments and amendments thereto), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

\_\_\_\_\_  
Director Date

\_\_\_\_\_  
David W. Burke,  
Director

Other Exhibit

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Daniel C. Maclean, Mark N. Jacobs and Steven F. Newman, and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of

substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to this Registration Statement (including post-effective amendments and amendments thereto), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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Director Date

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Paul Wolfowitz,  
Director

#### POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Daniel C. Maclean, Mark N. Jacobs and Steven F. Newman, and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to the Registration Statement of Dreyfus Asset Allocation Fund, Inc. (including post-effective amendments and amendments thereto), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Marie E. Connolly,  
President

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Daniel C. Maclean, Mark N. Jacobs and Steven F. Newman, and each of them, with full power to act without the other, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities (until revoked in writing) to sign any and all amendments to the Registration Statement of Dreyfus Asset Allocation Fund, Inc. (including post-effective amendments and amendments thereto), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Joseph F. Tower, III  
Assistant Treasurer