

Dreyfus BASIC Money Market Fund, Inc.

ANNUAL REPORT February 29, 2008



BNY MELLON
ASSET MANAGEMENT

Dreyfus

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A LETTER FROM THE CEO

Dear Shareholder:

We are pleased to present this annual report for Dreyfus BASIC Money Market Fund, Inc., covering the 12-month period from March 1, 2007, through February 29, 2008.

The second half of the reporting period proved to be one of the more challenging periods for investors in recent memory. The U.S. economy sputtered under the weight of plunging housing values, and credit concerns that originated in the bond market's sub-prime mortgage sector spread to other areas of the financial markets. These developments dampened investor sentiment and produced heightened volatility in the stock market and the higher-yielding segments of the bond market. Even some areas of the money markets were affected when difficult liquidity conditions arose in the inter-bank lending and commercial paper markets.

Recently, the Fed and the U.S. government have adopted accommodative monetary and fiscal policies in an effort to stimulate the U.S. economy, boost market liquidity and forestall a potential recession. While it's too early to know if their actions will be effective, we believe that the best defense against any economic volatility is to maintain a long-term perspective. To benefit from this focus, talk to your financial adviser today about your specific portfolio to ensure that your investments are best suited to capture the potential opportunities and manage the risks that may continue to surface during this current economic cycle.

For information about how the fund performed during the reporting period, as well as market perspectives, we have provided a Discussion of Fund Performance given by the fund's Portfolio Manager.

I wish you all continued success and I thank you all for your continued confidence and support.

Sincerely,

Thomas F. Eggers
Chief Executive Officer
The Dreyfus Corporation
March 17, 2008



DISCUSSION OF FUND PERFORMANCE

For the period of March 1, 2007, through February 29, 2008, as provided by Bernard W. Kiernan, Jr., Portfolio Manager

Fund and Market Performance Overview

The Federal Reserve Board (the “Fed”) reduced short-term interest rates five times during the reporting period in an effort to forestall a potential recession and address an intensifying credit crisis in longer-term fixed-income markets. As a result, money market yields declined.

For the 12-month period ended February 29, 2008, Dreyfus BASIC Money Market Fund produced a yield of 4.72%. Taking into account the effects of compounding, the fund also produced an effective yield of 4.82%.¹

The Fund’s Investment Approach

The fund seeks as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity. To pursue this goal, the fund invests in a diversified portfolio of high-quality, short-term debt securities, including U.S. government securities, bank obligations, U.S. dollar-denominated foreign and domestic commercial paper, repurchase agreements, asset-backed securities and U.S. dollar-denominated obligations of foreign governments. Normally, the fund invests at least 25% of its total assets in bank obligations.

When managing the fund, we closely monitor the outlook for economic growth and inflation, follow overseas developments and consider the posture of the Federal Reserve Board in our decisions as to how to structure the fund. Based upon our economic outlook, we actively manage the fund’s average maturity in looking for opportunities that may present themselves in light of possible changes in interest rates.

Economic and Credit Concerns Prompted Fed Action

When the reporting period began, an unexpectedly high number of defaults in the sub-prime mortgage market already had led to concerns

that slumping U.S. housing markets and resurgent energy prices might derail economic growth, and investors began to reassess their previously generous attitudes toward risk. Over the summer, investors' credit worries sparked sharp declines among higher-yielding bonds, including those with no exposure to sub-prime mortgages. The resulting tightness in credit markets led to turmoil in the inter-bank lending market and the commercial paper and syndicated loan markets.

After holding short-term interest rates steady for more than a year, the Fed intervened in the developing credit crunch in mid-August by reducing the discount rate by 50 basis points. Investors reacted positively to the move, and most fixed-income market sectors rallied into September. However, the rebound was derailed by new evidence of economic weakness and reports of heavy sub-prime related losses among commercial and investment banks. The Fed attempted to improve market liquidity and address economic concerns when it reduced the federal funds rate from 5.25% to 4.75% at its September meeting. The Fed took action despite a surprisingly robust 4.9% annualized GDP growth rate for the third quarter of 2007.

The economy continued to show signs of weakness in October, including reports of a tepid increase of 0.3% in consumer spending. The Fed again cut the federal funds rate, this time by 25 basis points, stating that it regarded the risks of recession and inflation as balanced. However, in November it was announced that sales of existing homes had fallen to its lowest level since recordkeeping began eight years earlier, and fixed-income markets declined sharply. The Fed reduced the federal funds rate by another 25 basis points in December — to 4.25% — but investors appeared to be disappointed that the reduction was not larger. 2007 ended with an annualized economic growth rate of just 0.6% in the fourth quarter and 2.2% for the year overall.

January saw more disappointing economic news, including lackluster retail sales during the holiday season, further deterioration of housing prices, a surge in foreclosures, additional sub-prime related write-downs by banks and similar losses among bond insurers. A number of

analysts began to forecast a full-blown recession for 2008. Congress passed legislation designed to stimulate the economy, and the Fed reduced the federal funds rate by 125 basis points in two separate moves during the latter part of January, driving the benchmark overnight rate to 3% by the reporting period's end.

Further signs of economic weakness emerged in February, including the second consecutive report of monthly job losses. Meanwhile, pressures on U.S. financial institutions from the deleveraging of institutional investment portfolios and repricing of real estate remained intense.

Longer Maturities Captured Higher Yields

As the credit crisis unfolded and the Fed cut short-term interest rates, yield differences widened along the market's maturity range, creating more attractive opportunities among longer-dated money market instruments. Moreover, demand for money market instruments surged from investors engaged in a "flight to quality." In this environment, we increased the fund's weighted average maturity toward a position we considered longer than industry averages.

As of the reporting period's end, the economy has continued to falter and the credit crisis has worsened, suggesting to us that further rate cuts are likely. Therefore, we plan to maintain the fund's relatively long weighted average maturity, and we intend to monitor economic and market developments closely.

March 17, 2008

An investment in the fund is not insured or guaranteed by the FDIC or any other government agency. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund.

- ¹ *Effective yield is based upon dividends declared daily and reinvested monthly. Past performance is no guarantee of future results. Yields fluctuate. Yield provided reflects the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an agreement in which shareholders will be given at least 90 days' notice prior to the time such absorption may be terminated. Had these expenses not been absorbed, the fund's yield would have been 4.56% and the fund's effective yield would have been 4.66%.*

UNDERSTANDING YOUR FUND'S EXPENSES (Unaudited)

As a mutual fund investor, you pay ongoing expenses, such as management fees and other expenses. Using the information below, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You also may pay one-time transaction expenses, including sales charges (loads) and redemption fees, which are not shown in this section and would have resulted in higher total expenses. For more information, see your fund's prospectus or talk to your financial adviser.

Review your fund's expenses

The table below shows the expenses you would have paid on a \$1,000 investment in Dreyfus BASIC Money Market Fund, Inc. from September 1, 2007 to February 29, 2008. It also shows how much a \$1,000 investment would be worth at the close of the period, assuming actual returns and expenses.

| Expenses and Value of a \$1,000 Investment | |
|--|------------|
| assuming actual returns for the six months ended February 29, 2008 | |
| Expenses paid per \$1,000† | \$ 2.26 |
| Ending value (after expenses) | \$1,022.80 |

COMPARING YOUR FUND'S EXPENSES WITH THOSE OF OTHER FUNDS (Unaudited)

Using the SEC's method to compare expenses

The Securities and Exchange Commission (SEC) has established guidelines to help investors assess fund expenses. Per these guidelines, the table below shows your fund's expenses based on a \$1,000 investment, assuming a hypothetical 5% annualized return. You can use this information to compare the ongoing expenses (but not transaction expenses or total cost) of investing in the fund with those of other funds. All mutual fund shareholder reports will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

| Expenses and Value of a \$1,000 Investment | |
|---|------------|
| assuming a hypothetical 5% annualized return for the six months ended February 29, 2008 | |
| Expenses paid per \$1,000† | \$ 2.26 |
| Ending value (after expenses) | \$1,022.63 |

† Expenses are equal to the fund's annualized expense ratio of .45%, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

STATEMENT OF INVESTMENTS

February 29, 2008

| Negotiable Bank Certificates of Deposit—52.1% | | |
|--|--------------------------|--------------------|
| | Principal Amount (\$) | Value (\$) |
| Allied Irish Banks PLC (Yankee) 4.90%, 5/29/08 | 50,000,000 | 50,001,206 |
| American Express Company 4.85%, 5/22/08 | 40,000,000 | 40,000,000 |
| Australia and New Zealand Banking Group Ltd. (London) 4.84%, 4/25/08 | 20,000,000 ^a | 20,000,000 |
| Bank of Ireland (Yankee) 3.02%–4.83%, 4/24/08–8/28/08 | 55,000,000 ^a | 55,000,000 |
| Bank of Tokyo-Mitsubishi Ltd. (Yankee) 4.77%, 4/30/08 | 30,000,000 | 30,000,000 |
| Barclays Bank PLC (Yankee) 5.08%, 3/19/08 | 50,000,000 | 50,000,000 |
| Branch Banking & Trust Co. 2.88%, 11/5/08 | 50,000,000 | 50,000,000 |
| Comerica Inc. 3.05%, 5/13/08 | 40,000,000 | 40,000,000 |
| Credit Suisse (Yankee) 4.40%–4.90%, 6/11/08–7/7/08 | 45,000,000 | 45,000,000 |
| Natixis 3.07%, 3/3/08 | 40,000,000 ^b | 39,999,314 |
| Skandinaviska Enskilda Banken AB (Yankee) 5.02%, 4/18/08 | 10,000,000 | 10,000,000 |
| Societe Generale (London) 4.80%, 6/10/08 | 50,000,000 | 50,000,000 |
| Swedbank (ForeningsSparbanken AB) (Yankee) 5.12%, 4/7/08 | 20,000,000 | 20,000,000 |
| Toronto Dominion Bank (Yankee) 4.46%, 5/8/08 | 50,000,000 | 50,000,000 |
| UBS AG (Yankee) 5.50%, 3/12/08 | 50,000,000 | 50,000,000 |
| UniCredito Italiano SpA (Yankee) 4.80%, 4/14/08 | 50,000,000 | 50,000,000 |
| Total Negotiable Bank Certificates of Deposit (cost \$650,000,520) | | 650,000,520 |
| Commercial Paper—22.9% | | |
| ASB Finance Ltd. 4.97%, 6/12/08 | 25,000,000 ^a | 24,653,090 |
| Canadian Imperial Bank of Commerce 4.80%, 4/9/08 | 53,000,000 | 52,729,855 |

STATEMENT OF INVESTMENTS (continued)

| Commercial Paper (continued) | Principal Amount (\$) | Value (\$) |
|---|-------------------------|--------------------|
| CHARTA LLC 2.96%, 8/13/08 | 50,000,000 ^a | 49,330,833 |
| Commerzbank U.S. Finance Inc. 3.06%, 8/20/08 | 20,000,000 | 19,711,900 |
| CRC Funding LLC 3.36%, 4/23/08 | 25,000,000 ^a | 24,877,438 |
| DnB NOR Bank ASA 2.94%, 8/13/08 | 40,000,000 | 39,468,333 |
| FCAR Owner Trust, Ser. I 3.17%, 7/15/08 | 25,000,000 | 24,705,333 |
| Skandinaviska Enskilda Banken AB 4.74%, 4/25/08 | 20,000,000 | 19,858,681 |
| Swedbank (ForeningsSparbanken AB) 4.86%, 4/23/08 | 30,000,000 | 29,790,429 |
| Total Commercial Paper (cost \$285,125,892) | | 285,125,892 |
| Corporate Notes—15.6% | | |
| Commonwealth Bank of Australia 3.16%, 3/26/08 | 25,000,000 ^b | 25,000,000 |
| Lehman Brothers Holdings Inc. 5.02%, 3/28/08 | 45,000,000 ^b | 45,000,000 |
| Royal Bank of Scotland PLC 3.12%, 3/26/08 | 40,000,000 ^b | 40,000,000 |
| Wells Fargo & Co. 3.19%, 3/3/08 | 45,000,000 ^b | 45,000,000 |
| Westpac Banking Corp. 3.12%, 3/18/08 | 40,000,000 ^b | 40,000,000 |
| Total Corporate Notes (cost \$195,000,000) | | 195,000,000 |
| Promissory Note—2.0% | | |
| Goldman Sachs Group Inc. 5.07%, 6/17/08 (cost \$25,000,000) | 25,000,000 ^c | 25,000,000 |

| | Principal Amount (\$) | Value (\$) |
|---|--------------------------|----------------------|
| Time Deposit—2.6% | | |
| Key Bank U.S.A., N.A. (Grand Cayman) 3.00%, 3/3/08 (cost \$32,000,000) | 32,000,000 | 32,000,000 |
| Repurchase Agreement—4.0% | | |
| Citigroup Global Markets Holdings Inc. 3.28%, dated 2/29/08, due 3/3/08 in the amount of \$50,013,646 (fully collateralized by \$633,177,498 Corporate Bonds, 3.425%-10.74%, due 7/1/10-2/28/52, value \$51,617,971) (cost \$50,000,000) | 50,000,000 | 50,000,000 |
| Total Investments (cost \$1,237,126,412) | 99.2% | 1,237,126,412 |
| Cash and Receivables (Net) | .8% | 9,723,280 |
| Net Assets | 100.0% | 1,246,849,692 |

- ^a Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At February 29, 2008, these securities amounted to \$173,861,361 or 13.9% of net assets.
- ^b Variable rate security—interest rate subject to periodic change.
- ^c This note was acquired for investment, and not with the intent to distribute or sell. Security restricted as to public resale. This security was acquired on 9/21/07 at a cost of \$25,000,000. At February 29, 2008, the aggregate value of this security is \$25,000,000 representing 2.0% of net assets and is valued at cost.

| Portfolio Summary (Unaudited) [†] | | | |
|--|-----------|----------------------------|-------------|
| | Value (%) | | Value (%) |
| Banking | 81.7 | Repurchase Agreement | 4.0 |
| Asset-Backed/ Multi-Seller Programs | 5.9 | Asset-Backed/Single Seller | 2.0 |
| Brokerage Firms | 5.6 | | 99.2 |

[†] Based on net assets.
See notes to financial statements.

STATEMENT OF ASSETS AND LIABILITIES

February 29, 2008

| | Cost | Value |
|---|---------------|----------------------|
| Assets (\$): | | |
| Investments in securities— See Statement of Investments—Note 1(b) | 1,237,126,412 | 1,237,126,412 |
| Cash | | 3,533,835 |
| Interest receivable | | 8,981,168 |
| Prepaid expenses | | 26,788 |
| | | 1,249,668,203 |
| Liabilities (\$): | | |
| Due to The Dreyfus Corporation and affiliates—Note 2(b) | | 405,793 |
| Payable for shares of Common Stock redeemed | | 2,315,497 |
| Accrued expenses | | 97,221 |
| | | 2,818,511 |
| Net Assets (\$) | | 1,246,849,692 |
| Composition of Net Assets (\$): | | |
| Paid-in capital | | 1,247,076,919 |
| Accumulated net realized gain (loss) on investments | | (227,227) |
| Net Assets (\$) | | 1,246,849,692 |
| Shares Outstanding | | |
| (3 billion shares of \$.001 par value Common Stock authorized) | | 1,247,076,919 |
| Net Asset Value , offering and redemption price per share (\$) | | 1.00 |

See notes to financial statements.

STATEMENT OF OPERATIONS

Year Ended February 29, 2008

| | |
|---|-------------------|
| Investment Income (\$): | |
| Interest Income | 58,613,884 |
| Expenses: | |
| Management fee–Note 2(a) | 5,666,578 |
| Shareholder servicing costs–Note 2(b) | 851,457 |
| Custodian fees–Note 2(b) | 93,800 |
| Prospectus and shareholders' reports | 78,989 |
| Professional fees | 71,028 |
| Directors' fees and expenses–Note 2(c) | 63,899 |
| Registration fees | 37,017 |
| Miscellaneous | 18,948 |
| Total Expenses | 6,881,716 |
| Less–reduction in management fee due to undertaking–Note 2(a) | (1,767,513) |
| Less–reduction in fees due to earnings credits–Note 1(b) | (21,820) |
| Net Expenses | 5,092,383 |
| Investment Income–Net, representing net increase in net assets resulting from operations | 53,521,501 |

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

| | Year Ended, | |
|--|----------------------|----------------------|
| | February 29, 2008 | February 28, 2007 |
| Operations (\$): | | |
| Investment income—net | 53,521,501 | 49,557,458 |
| Net realized gain (loss) on investments | — | 12,991 |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 53,521,501 | 49,570,449 |
| Dividends to Shareholders from (\$): | | |
| Investment income—net | (53,521,501) | (49,557,458) |
| Capital Stock Transactions (\$1.00 per share): | | |
| Net proceeds from shares sold | 770,111,988 | 646,551,426 |
| Dividends reinvested | 51,169,888 | 47,239,575 |
| Cost of shares redeemed | (641,311,308) | (600,632,530) |
| Increase (Decrease) in Net Assets from Capital Stock Transactions | 179,970,568 | 93,158,471 |
| Total Increase (Decrease) in Net Assets | 179,970,568 | 93,171,462 |
| Net Assets (\$): | | |
| Beginning of Period | 1,066,879,124 | 973,707,662 |
| End of Period | 1,246,849,692 | 1,066,879,124 |

See notes to financial statements.

FINANCIAL HIGHLIGHTS

The following table describes the performance for the fiscal periods indicated. Total return shows how much your investment in the fund would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. These figures have been derived from the fund's financial statements.

| | Fiscal Year Ended February, | | | | |
|--------------------------------------|-----------------------------|-------------|-------------|-------------|------------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| Per Share Data (\$): | | | | | |
| Net asset value, beginning of period | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Investment Operations: | | | | | |
| Investment income-net | .047 | .048 | .031 | .011 | .008 |
| Distributions: | | | | | |
| Dividends from | | | | | |
| investment income-net | (.047) | (.048) | (.031) | (.011) | (.008) |
| Net asset value, end of period | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Total Return (%) | 4.84 | 4.88 | 3.18 | 1.15 | .78 |
| Ratios/Supplemental Data (%): | | | | | |
| Ratio of total expenses | | | | | |
| to average net assets | .61 | .62 | .63 | .63 | .63 |
| Ratio of net expenses | | | | | |
| to average net assets | .45 | .45 | .45 | .45 | .45 |
| Ratio of net investment income | | | | | |
| to average net assets | 4.72 | 4.78 | 3.14 | 1.12 | .79 |
| Net Assets, end of period | | | | | |
| (\$ x 1,000) | 1,246,850 | 1,066,879 | 973,708 | 966,854 | 1,141,745 |

See notes to financial statements.

NOTE 1—Significant Accounting Policies:

Dreyfus BASIC Money Market Fund, Inc. (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as a diversified open-end management investment company. The fund’s investment objective is to provide investors with as high a level of current income as is consistent with the preservation of capital and the maintenance of liquidity. The Dreyfus Corporation (the “Manager” or “Dreyfus”) serves as the fund’s investment adviser. On July 1, 2007, Mellon Financial Corporation and The Bank of New York Company, Inc. merged, forming The Bank of New York Mellon Corporation (“BNY Mellon”). As part of this transaction, Dreyfus became a wholly-owned subsidiary of BNY Mellon. MBSC Securities Corporation (the “Distributor”), a wholly-owned subsidiary of the Manager, is the distributor of the fund’s shares which are sold to the public without a sales charge.

It is the fund’s policy to maintain a continuous net asset value per share of \$1.00; the fund has adopted certain investment, portfolio valuation and dividend and distribution policies to enable it to do so. There is no assurance, however, that the fund will be able to maintain a stable net asset value per share of \$1.00.

The fund’s financial statements are prepared in accordance with U.S. generally accepted accounting principles, which may require the use of management estimates and assumptions. Actual results could differ from those estimates.

The fund enters into contracts that contain a variety of indemnifications. The fund’s maximum exposure under these arrangements is unknown. The fund does not anticipate recognizing any loss related to these arrangements.

(a) Portfolio valuation: Investments in securities are valued at amortized cost in accordance with Rule 2a-7 of the Act, which has been determined by the Board of Directors to represent the fair value of the fund’s investments.

The Financial Accounting Standards Board (“FASB”) released Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (“FAS 157”). FAS 157 establishes an authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair-value measurements. The application of FAS 157 is required for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Management does not believe that the application of this standard will have a material impact on the financial statements of the fund.

(b) Securities transactions and investment income: Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the identified cost basis. Interest income, adjusted for accretion of discount and amortization of premium on investments, is earned from settlement date and is recognized on the accrual basis. Cost of investments represents amortized cost.

The fund has arrangements with the custodian and cash management banks whereby the fund may receive earnings credits when positive cash balances are maintained, which are used to offset custody and cash management fees. For financial reporting purposes, the fund includes net earnings credits as an expense offset in the Statement of Operations.

The fund may enter into repurchase agreements with financial institutions, deemed to be creditworthy by the Manager, subject to the seller’s agreement to repurchase and the fund’s agreement to resell such securities at a mutually agreed upon price. Securities purchased subject to repurchase agreements are deposited with the fund’s custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. If the value of the underlying securities falls below the value of the repurchase price plus accrued interest, the fund will require the seller to deposit additional collateral by the next business day. If the request for additional collateral is not met, or

the seller defaults on its repurchase obligation, the fund maintains the right to sell the underlying securities at market value and may claim any resulting loss against the seller.

(c) Dividends to shareholders: It is the policy of the fund to declare dividends daily from investment income-net. Such dividends are paid monthly. Dividends from net realized capital gains, if any, 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 of 1986, as amended (the “Code”). To the extent that net realized capital gains can be offset by capital loss carry-overs, it is the policy of the fund not to distribute such gains.

(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 applicable provisions of the Code, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes.

During the current year, the fund adopted FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes” (“FIN 48”). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the fund’s tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. The adoption of FIN 48 had no impact on the operations of the fund for the period ended February 29, 2008.

Each of the tax years in the three-year period ended February 29, 2008, remains subject to examination by the Internal Revenue Service and state taxing authorities.

At February 29, 2008, the components of accumulated earnings on a tax basis were substantially the same as for financial reporting purposes.

The accumulated capital loss carryover of \$227,227 is available to be applied against future net securities profits, if any, realized subsequent to February 29, 2008. If not applied, the carryover expires in fiscal 2013.

The tax characters of distributions paid to shareholders during the fiscal years ended February 29, 2008 and February 28, 2007, were all ordinary income.

At February 29, 2008, 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).

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 .50% of the value of the fund’s average daily net assets and is payable monthly. The Manager has undertaken, until such time as it gives shareholders at least 90 days’ notice to the contrary, to reduce the management fee paid by the fund, if the fund’s aggregate expenses, exclusive of taxes, brokerage fees, interest on borrowings and extraordinary expenses, exceed an annual rate of .45% of the value of the fund’s average daily net assets, the fund may deduct from the payment to be made to the Manager under the Agreement, or the Manager will bear, such excess expense. The reduction in management fee, pursuant to the undertaking, amounted to \$1,767,513 during the period ended February 29, 2008.

(b) Under the Shareholder Services Plan, the fund reimburses the Distributor an amount not to exceed an annual rate of .25% of the value of the fund’s average daily net assets for certain allocated expenses of providing personal services and/or maintaining 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. During the period ended February 29, 2008, the fund was charged \$564,692 pursuant to the Shareholder Services Plan.

The fund compensates Dreyfus Transfer, Inc., a wholly-owned subsidiary of the Manager, under a transfer agency agreement for providing personnel and facilities to perform transfer agency services for the fund. During the period ended February 29, 2008, the fund was charged \$186,238 pursuant to the transfer agency agreement.

The fund compensates The Bank of New York, a subsidiary of BNY Mellon and a Dreyfus affiliate, under a cash management agreement for performing cash management services related to fund subscriptions and redemptions. During the period ended February 29, 2008, the fund was charged \$14,512 pursuant to the cash management agreement.

Effective July 1 2007, the fund's custodian, The Bank of New York, became an affiliate of the Manager. Under the fund's pre-existing custody agreement with The Bank of New York, the fund was charged \$68,756 for providing custodial services for the eight months ended February 29, 2008. Prior to becoming an affiliate, The Bank of New York was paid \$25,044 for custody services to the fund for the four months ended June 30, 2007.

During the period ended February 29, 2008, the fund was charged \$4,821 for services performed by the Chief Compliance Officer.

The components of "Due to The Dreyfus Corporation and affiliates" in the Statement of Assets and Liabilities consist of: management fees \$483,890, custodian fees \$23,845, chief compliance officer fees \$4,419 and transfer agency per account fees \$33,867, which are offset against an expense reimbursement currently in effect in the amount of \$140,228.

(c) Each Board member also serves as a Board member of other funds within the Dreyfus complex. Annual retainer fees and attendance fees are allocated to each fund based on net assets.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors Dreyfus BASIC Money Market Fund, Inc.

We have audited the accompanying statement of assets and liabilities of Dreyfus BASIC Money Market Fund, Inc., including the statement of investments, as of February 29, 2008, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the years indicated therein. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of February 29, 2008 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Dreyfus BASIC Money Market Fund, Inc. at February 29, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the indicated years, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

New York, New York
April 3, 2008

IMPORTANT TAX INFORMATION (Unaudited)

For federal tax purposes, the fund hereby designates 90.29% of the ordinary income dividends paid during the fiscal year ended February 29, 2008 as qualifying “interest related dividends.”

BOARD MEMBERS INFORMATION (Unaudited)

Joseph S. DiMartino (64)
Chairman of the Board (1995)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee

Other Board Memberships and Affiliations:

- The Muscular Dystrophy Association, Director
- Century Business Services, Inc., a provider of outsourcing functions for small and medium size companies, Director
- The Newark Group, a provider of a national market of paper recovery facilities, paperboard mills and paperboard converting plants, Director
- Sunair Services Corporation, a provider of certain outdoor-related services to homes and businesses, Director

No. of Portfolios for which Board Member Serves: 163

Clifford L. Alexander, Jr. (74)
Board Member (2007)

Principal Occupation During Past 5 Years:

- President of Alexander & Associates, Inc., a management consulting firm (January 1981-present)
- Chairman of the Board of Moody's Corporation (October 2000-October 2003)

Other Board Memberships and Affiliations:

- Mutual of America Life Insurance Company, Director

No. of Portfolios for which Board Member Serves: 51

David W. Burke (71)
Board Member (1994)

Principal Occupation During Past 5 Years:

- Corporate Director and Trustee

Other Board Memberships and Affiliations:

- John F. Kennedy Library Foundation, Director

No. of Portfolios for which Board Member Serves: 85

Peggy C. Davis (65)
Board Member (2007)

Principal Occupation During Past 5 Years:

- Shad Professor of Law, New York University School of Law (1983-present)
- Writer and teacher in the fields of evidence, constitutional theory, family law, social sciences and the law, legal process and professional methodology and training

No. of Portfolios for which Board Member Serves: 64

Diane Dunst (68)
Board Member (1992)

Principal Occupation During Past 5 Years:

- President, Hunting House Antiques

No. of Portfolios for which Board Member Serves: 23

Ernest Kafka (75)
Board Member (2007)

Principal Occupation During Past 5 Years:

- Physician engaged in private practice specializing in the psychoanalysis of adults and adolescents (1962-present)
- Instructor, The New York Psychoanalytic Institute (1981-present)

No. of Portfolios for which Board Member Serves: 23

Nathan Leventhal (65)
Board Member (2007)

Principal Occupation During Past 5 Years:

- Commissioner, NYC Planning Commission (March 2007-present)
- Chairman of the Avery-Fisher Artist Program (November 1997-present)

Other Board Memberships and Affiliations:

- Movado Group, Inc., Director
- Mayor's Committee on Appointments, Chairman

No. of Portfolios for which Board Member Serves: 23

Jay I. Meltzer (79)
Board Member (1992)

Principal Occupation During Past 5 Years:

- Physician, Internist and Specialist in Clinical Hypertension
- Clinical Professor of Medicine at Columbia University & College of Physicians and Surgeons
- Faculty Associate, Center for Bioethics, Columbia

No. of Portfolios for which Board Member Serves: 23

Daniel Rose (78)
Board Member (1992)

Principal Occupation During Past 5 Years:

- Chairman and Chief Executive Officer of Rose Associates, Inc., a New York based real estate development and management firm

Other Board Memberships and Affiliations:

- Baltic-American Enterprise Fund, Vice Chairman and Director
- Harlem Educational Activities Fund, Inc., Chairman
- Housing Committee of the Real Estate Board of New York, Inc., Director

No. of Portfolios for which Board Member Serves: 32

Warren B. Rudman (77)
Board Member (1993)

Principal Occupation During Past 5 Years:

- Stonebridge International LLC, Co-Chairman
- Of Counsel to (from January 1993 to December 31, 2003, Partner in) the law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP

Other Board Memberships and Affiliations:

- Boston Scientific, Director
- D.B. Zwirn & Co., Vice Chairman of the International Advisory Board

No. of Portfolios for which Board Member Serves: 33

Once elected all Board Members serve for an indefinite term, but achieve Emeritus status upon reaching age 80. The address of the Board Members and Officers is in c/o The Dreyfus Corporation, 200 Park Avenue, New York, New York 10166. Additional information about the Board Members is available in the fund's Statement of Additional Information which can be obtained from Dreyfus free of charge by calling this toll free number: 1-800-554-4611.

Rosalind Gersten Jacobs, Emeritus Board Member

Sander Vanocur, Emeritus Board Member

OFFICERS OF THE FUND (Unaudited)

J. DAVID OFFICER, President since December 2006.

Chief Operating Officer, Vice Chairman and a Director of the Manager, and an officer of 78 investment companies (comprised of 163 portfolios) managed by the Manager. He is 59 years old and has been an employee of the Manager since April 1998.

PHILLIP N. MAISANO, Executive Vice President since July 2007.

Chief Investment Officer, Vice Chair and a director of the Manager, and an officer of 78 investment companies (comprised of 163 portfolios) managed by the Manager. Mr. Maisano also is an officer and/or Board member of certain other investment management subsidiaries of The Bank of New York Mellon Corporation, each of which is an affiliate of the Manager. He is 60 years old and has been an employee of the Manager since November 2006. Prior to joining the Manager, Mr. Maisano served as Chairman and Chief Executive Officer of EACM Advisors, an affiliate of the Manager, since August 2004, and served as Chief Executive Officer of Evaluation Associates, a leading institutional investment consulting firm, from 1988 until 2004.

MICHAEL A. ROSENBERG, Vice President and Secretary since August 2005.

Associate General Counsel of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 48 years old and has been an employee of the Manager since October 1991.

JAMES BITETTO, Vice President and Assistant Secretary since August 2005.

Associate General Counsel and Secretary of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 41 years old and has been an employee of the Manager since December 1996.

JONI LACKS CHARATAN, Vice President and Assistant Secretary since August 2005.

Associate General Counsel of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. She is 52 years old and has been an employee of the Manager since October 1988.

JOSEPH M. CHIOFFI, Vice President and Assistant Secretary since August 2005.

Associate General Counsel of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 46 years old and has been an employee of the Manager since June 2000.

JANETTE E. FARRAGHER, Vice President and Assistant Secretary since August 2005.

Associate General Counsel of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. She is 45 years old and has been an employee of the Manager since February 1984.

JOHN B. HAMMALIAN, Vice President and Assistant Secretary since August 2005.

Associate General Counsel of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 44 years old and has been an employee of the Manager since February 1991.

ROBERT R. MULLERY, Vice President and Assistant Secretary since August 2005.

Associate General Counsel of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 56 years old and has been an employee of the Manager since May 1986.

JEFF PRUSNOFSKY, Vice President and Assistant Secretary since August 2005.

Associate General Counsel of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 42 years old and has been an employee of the Manager since October 1990.

JAMES WINDELS, Treasurer since November 2001.

Director – Mutual Fund Accounting of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since April 1985.

RICHARD CASSARO, Assistant Treasurer since September 2007.

Senior Accounting Manager – Money Market and Municipal Bond Funds of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 49 years old and has been an employee of the Manager since September 1982.

ROBERT ROBOL, Assistant Treasurer since August 2003.

Senior Accounting Manager – Fixed Income Funds of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 43 years old and has been an employee of the Manager since October 1988.

ROBERT SALVIOLO, Assistant Treasurer since July 2007.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 40 years old and has been an employee of the Manager since June 1989.

ROBERT SVAGNA, Assistant Treasurer since December 2005.

Senior Accounting Manager – Equity Funds of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 40 years old and has been an employee of the Manager since November 1990.

GAVIN C. REILLY, Assistant Treasurer since December 2005.

Tax Manager of the Investment Accounting and Support Department of the Manager, and an officer of 79 investment companies (comprised of 180 portfolios) managed by the Manager. He is 39 years old and has been an employee of the Manager since April 1991.

JOSEPH W. CONNOLLY, Chief Compliance Officer since October 2004.

Chief Compliance Officer of the Manager and The Dreyfus Family of Funds (79 investment companies, comprised of 180 portfolios). From November 2001 through March 2004, Mr. Connolly was first Vice-President, Mutual Fund Servicing for Mellon Global Securities Services. In that capacity, Mr. Connolly was responsible for managing Mellon's Custody, Fund Accounting and Fund Administration services to third-party mutual fund clients. He is 50 years old and has served in various capacities with the Manager since 1980, including manager of the firm's Fund Accounting Department from 1997 through October 2001.

WILLIAM GERMENIS, Anti-Money Laundering Compliance Officer since October 2002.

Vice President and Anti-Money Laundering Compliance Officer of the Distributor, and the Anti-Money Laundering Compliance Officer of 75 investment companies (comprised of 176 portfolios) managed by the Manager. He is 37 years old and has been an employee of the Distributor since October 1998.

For More Information

Dreyfus
BASIC Money Market Fund, Inc.

200 Park Avenue
New York, NY 10166

Manager

The Dreyfus Corporation
200 Park Avenue
New York, NY 10166

Custodian

The Bank of New York
One Wall Street
New York, NY 10286

**Transfer Agent &
Dividend Disbursing Agent**

Dreyfus Transfer, Inc.
200 Park Avenue
New York, NY 10166

Distributor

MBSC Securities Corporation
200 Park Avenue
New York, NY 10166

Ticker Symbol: DBAXX

Telephone 1-800-645-6561

Mail The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144

E-mail Send your request to info@dreyfus.com

Internet Information can be viewed online or downloaded at: <http://www.dreyfus.com>

The fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-202-551-8090.

Information regarding how the fund voted proxies relating to portfolio securities for the 12-month period ended June 30, 2007, is available on the SEC's website at <http://www.sec.gov> and without charge, upon request, by calling 1-800-645-6561.

