On April 30, 1996, Dreyfus Asset Allocation Fund, Inc. ("DAAF"), et al., received an order of the Commission under section 17(b) of the Investment Company Act of 1940 ("Act") exempting applicants from the provisions of section 17(a) of the Act ("Order"). The Order permits applicants to transfer all of the assets of two portfolios of DAAF, the Growth Series and the Income Series ("Acquired Portfolios"), to two corresponding portfolios of Dreyfus LifeTime Portfolios, Inc. ("DLPI"), the Growth Portfolio and the Income Portfolio ("Acquiring Portfolios"), in exchange for Investor Class shares of the Acquiring Portfolios ("Exchange").

Your letter of May 16, 1996 requests our assurance that we will not recommend that the Commission take any enforcement action if shareholders of the Acquired Portfolios receive shares of the Class R shares of the Acquiring Portfolios, rather than the Investor Class shares. You state that Investor Class and Class R shares are identical in all material respects, except that Investor Class shares are subject to a shareholder services plan under which such shares incur an annual fee of .25% of net assets. Class R shares previously were available only to certain institutional investors. Since the Order was issued, DLPI's board of directors determined to offer Class R shares to shareholders of the Acquired Portfolio in connection with the Exchange.

You also state that the board of directors of DAAF and DLPI has approved this modification in the terms of the Exchange. In a telephone conversation with the undersigned on June 14, 1996, Mr. David Stephens stated that the directors, including the directors who are not "interested persons" of DAAF or DLPI as defined in the Act, found that the Exchange was in the best interests of DAAF's and DLPI's shareholders and that the interests of existing shareholders of DAAF and DLPI would not be diluted.

You contend that proposed modification in the terms of the Exchange does not impair the rights of shareholders of the Acquired Portfolios, and that such shareholders will benefit from the Exchange because Class R shares are expected to have a lower expense ratio than Investor Class shares.

Based on the facts and representations in your letter and in your conversation with the undersigned, we would not recommend that the Commission take any enforcement action against

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applicants if applicants effect the Exchange in reliance on the Order, notwithstanding the modification described above. This response expresses the Division's position on enforcement only, and does not purport to express any legal conclusions concerning the issues presented. Different facts or representations might require a different conclusion.

Mercer E. Bullard
Staff Attorney
Office of Investment
Company Regulation

June 14, 1996
May 16, 1996

Office of Investment Company Regulation
Division of Investment Management
Securities and Exchange Commission
450 Fifth Avenue, N.W.
Washington, D.C. 20549

Re: Dreyfus Asset Allocation Fund, Inc.
Dreyfus LifeTime Portfolios, Inc.
The Dreyfus Corporation
Release Nos. 21873 and 21928

Ladies and Gentlemen:

This is a request for assurance that the Staff of the Division of Investment Management (the "Staff") will not recommend enforcement action if Dreyfus Asset Allocation Fund, Inc. ("DAAF"), Dreyfus LifeTime Portfolios, Inc. ("DLPI") and The Dreyfus Corporation ("Dreyfus" and, together with DAAF and DLPI, the "Applicants") modify in the manner described in this letter certain facts upon which an exemptive order of the Commission was issued to Applicants regarding the proposed reorganization of two series of DAAF into two corresponding series of DLPI.

Facts

Applicants filed an application for exemptive order on February 6, 1996, which was amended on March 29, 1996 and April 2, 1996 (the "Application"), to permit DAAF and DLPI to engage in the transactions necessary to consummate the proposed reorganization, which transactions would be exempted from the prohibitions of Section 17(a) of the Investment Company Act of 1940, as amended (the "1940 Act"), by virtue of Rule 17a-8 thereunder except for the fact that affiliates of Dreyfus beneficially own more than 5% of the outstanding shares of the relevant series of DAAF and DLPI. An order (the "Order") was

DAAF and DLPI are Maryland corporations registered under the 1940 Act as open-end, management investment companies. DAAF currently offers three series of shares, including the Growth Series (the "Growth Series") and the Income Series (the "Income Series" and, together with the Growth Series, the "Series"). Each Series offers one class of shares. DLPI currently offers three series of shares, including the Growth Portfolio (the "Growth Portfolio") and the Income Portfolio (the "Income Portfolio" and, together with the Growth Portfolio, the "Portfolios"). Each Portfolio offers two classes of shares, the Investor Class and Class R. Investor Class shares and Class R shares are identical in all material respects, except that Class R shares are not subject to a Shareholder Services Plan (the "Plan") and, therefore, are expected to have a lower expense ratio than Investor Class shares. Under the Plan, DLPI pays Premier Mutual Fund Services, Inc., the Fund’s distributor, for the provision of certain services to each Portfolio’s Investor Class shares a fee at the annual rate of .25% of the value of the average daily net assets of the Portfolio’s Investor Class shares. Each Series’ shares are subject to a Shareholder Services Plan which is identical to the Plan.

The investment objective of the Growth Series and Growth Portfolio is capital appreciation. The investment objectives of the Income Series and Income Portfolio are to maximize current income and capital appreciation. The management policies of each Series and its corresponding Portfolio are substantially similar. Dreyfus, a wholly-owned subsidiary of Mellon Bank, N.A., which is a wholly-owned subsidiary of Mellon Bank Corporation ("Mellon"), serves as the investment adviser to each Series and Portfolio. Mellon Equity Associates, an indirect

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1 DAAF also offers the Growth and Income Series.
2 DLPI also offers the Growth and Income Portfolio.
wholly-owned subsidiary of Mellon, and, thus, an affiliate of Dreyfus, serves as the sub-adviser to the Portfolios.

Major Trading Corporation, a wholly-owned subsidiary of Mellon and, thus, an affiliate of Dreyfus, owns in excess of 59% of the outstanding shares of the Growth Series and in excess of 65% of the outstanding shares of the Income Series. Allomon Corporation, a wholly-owned subsidiary of Mellon and, thus, an affiliate of Dreyfus, owns in excess of 98% of the outstanding Investor Class shares and Class R shares of the Growth Portfolio and in excess of 99% and 92%, respectively, of the outstanding Investor Class shares and Class R shares of the Income Portfolio.

The Boards of DAAF and DLPI previously approved a plan of reorganization, subject to shareholder approval, providing for the transfer of all of the assets of each Series to the corresponding Portfolio, in exchange (the "Exchange") for the Portfolio’s Investor Class shares. In connection with the Exchange, the Portfolios will assume the liabilities of the respective Series. The number of shares to be issued to each Portfolio will be determined on the basis of the relative net asset values per share and aggregate net assets of the Series and the Portfolios. Each Series will liquidate and distribute pro rata shares of the Portfolio to its shareholders at or as soon as practicable after the closing, after which the Series will be terminated as a series of DAAF and its shares canceled.

On February 26, 1996, DLPI filed a registration statement on Form N-14 (the "Registration Statement") relating to the Exchange, which became effective on March 27, 1996. The Prospectus/Proxy Statement forming a part of the Registration Statement has not been mailed to Series’ shareholders.
Proposed Modification To the Exchange

Applicants now propose to effect the Exchange by transferring the Portfolios' Class R shares, instead of the Investor Class shares, in exchange for all of the corresponding Series' assets, subject to its liabilities. As a consequence, current holders of each Series' shares will benefit as described below.

The Boards of DAAF and DLPI have approved this modification, and DLPI intends to file a post-effective amendment to the Registration Statement to reflect such modification. In all other respects, the Exchange will remain unchanged. Applicants represent that, except as described herein, the Exchange will be effected in conformity in all respects to the Order, including the conditions thereto.4

Discussion

Until this time, the Portfolios' Class R shares were offered only to institutional investors acting for themselves or in a fiduciary, advisory, agency, custodial or similar capacity, for qualified or non-qualified employee benefit plans, while Investor Class shares were offered to any investor. Since the Order was granted, DLPI's Board has determined to offer Class R shares to Series' shareholders in connection with the Exchange.

Applicants believe that the proposed modification does not change the legal analysis underlying the Application and the Order. The proposed modification does not negatively affect or in any way impair the rights of Series' shareholders. In fact, Series' shareholders will benefit from the proposed modification in that Class R shares are not subject to payments under the Plan and, thus, are expected to have a lower expense ratio than Investor Class shares.

4 The Order, as granted, stated that the Portfolios would transfer Investor Class shares in exchange for all of the corresponding Series' assets, subject to its liabilities.
Requested Relief

Applicants believe that the proposed modification as described above is a minor operational change that can only benefit Series' shareholders. Therefore, Applicants request the Staff's concurrence that it would not recommend enforcement action if the Applicants modify the terms of the Exchange as described in this letter and consummate the Exchange in reliance on the Order.

Please feel free to telephone Stuart H. Coleman at (212) 806-6049 or Richard Horowitz at (212) 806-5513 with any questions or comments you may have.

Very truly yours,

STROOCK & STROOCK & LAVAN

cc: Office of Chief Counsel  
Division of Investment Management