

# Dreyfus Variable Investment Fund, Developing Leaders Portfolio

**SEMIANNUAL REPORT** June 30, 2009



BNY MELLON  
ASSET MANAGEMENT

**Dreyfus**

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## A LETTER FROM THE CHAIRMAN AND CEO

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Dear Shareholder:

We are pleased to present this semiannual report for Dreyfus Variable Investment Fund, Developing Leaders Portfolio, covering the six-month period from January 1, 2009, through June 30, 2009.

The severe recession and banking crisis that dominated the financial markets at the start of 2009 appear to have moderated as of mid-year. Previously frozen credit markets have thawed, giving businesses access to the capital they need to grow. After reaching multi-year lows in early March, equities staged an impressive rally, enabling most major stock market indices to end the six-month reporting period close to where they began. While the U.S. economy remains weak overall, we have seen encouraging evidence of potential recovery, including a recovering housing market and improvements within certain manufacturing sectors. Meanwhile, inflation has remained tame in the face of high unemployment and unused manufacturing capacity.

Although these developments give us reasons for optimism, we remain cautious due to the speed and magnitude of the stock market's 2009 rebound. Indeed, the market's advance was led mainly by lower-quality stocks when investors developed renewed appetites for risk. We would prefer to see a steadier rise in stock prices supported by more concrete economic data, as the rapid rise increases the possibility that profit-taking could move the market lower. In uncertain markets such as this one, even the most seasoned investors can benefit from professional counsel. To determine how your investments should be positioned for the challenges and opportunities that lie ahead, we continue to stress that you talk regularly with your financial advisor.

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 Managers.

Thank you for your continued confidence and support.

Sincerely,

Jonathan R. Baum  
Chairman and Chief Executive Officer  
The Dreyfus Corporation  
July 15, 2009



## DISCUSSION OF PERFORMANCE

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*For the period of January 1, 2009, through June 30, 2009, as provided by Oliver Buckley, Langton C. Garvin and Kristin Crawford, Portfolio Managers*

### **Fund and Market Performance Overview**

For the six-month period ended June 30, 2009, Dreyfus Variable Investment Fund, Developing Leaders Portfolio's Initial shares produced a total return of 1.57%, and its Service shares produced a total return of 1.47%.<sup>1</sup> In comparison, the Russell 2000 Index (the "Index"), the fund's benchmark, produced a total return of 2.64% for the same period.<sup>2</sup>

Despite recession-related losses early in the reporting period, U.S. stocks later rallied as a degree of confidence returned to the financial markets. Small-cap stocks generally performed in line with their large-cap counterparts. While the fund participated in the market's gains, it held slightly underweighted exposure to the lower priced, more volatile shares that led the market's advance. A few disappointing individual stock selections also undermined the fund's returns, causing it to underperform the Index.

### **The Fund's Investment Approach**

We select small-cap stocks through a "bottom-up" approach that seeks to identify undervalued securities using a quantitative screening process. This process is driven by a proprietary quantitative model, which measures approximately 40 stock characteristics to identify and rank stocks. Over time, we attempt to construct a portfolio that has exposure to industries and market capitalizations generally similar to the fund's benchmark. Within each sector, we seek to overweight the most attractive stocks and underweight or not hold the stocks that have been ranked least attractive.

### **A Positive Shift in Investor Sentiment**

The first two months of 2009 saw a continuation of the negative market sentiment that characterized the second half of 2008. Stock prices fell broadly under pressure from a deep and prolonged recession amid rising unemployment, slumping housing prices and depressed consumer sentiment. The economic downturn was exacerbated by a crisis in global

credit markets, which had led in 2008 to the failures of major financial institutions and reduced credit availability for businesses of all sizes.

As investors grew increasingly risk averse, stock prices hit multi-year lows in early March 2009. By then, however, credit conditions began to show signs of improvement, and many analysts forecast a return to economic growth, noting that economic fundamentals appeared likely to stabilize in the wake of massive governmental remedial measures and unprecedented reductions in short-term interest rates. Investors began to regain their appetites for risk, and the market rallied strongly, initially led by the lower priced stocks of previously beaten-down companies.

### **Process and Positioning Delivered Mixed Results**

Not surprisingly given the bifurcated nature of the market's behavior during most of the reporting period, the quantitative factors that drive the fund's stock selection process produced mixed results. During the market declines of January and February 2009, valuation-related characteristics had a generally neutral effect on performance, while momentum-related characteristics enhanced the fund's performance. During these two months, returns also benefited from our decision to keep a somewhat tighter rein than usual on the fund's exposure to highly leveraged companies in light of the uncertainties affecting credit markets. From March through June 2009, these patterns largely reversed, with value-related characteristics adding slightly to performance, and momentum-related characteristics and the fund's mild tilt away from highly leveraged companies detracting from returns.

Among individual stock selections, several holdings strongly outperformed their market sectors and industry groups. Notable examples included Starant Networks, a provider of mobile communications hardware and software; TeleTech Holdings, a developer of customer management and enterprise management services; Sirona Dental Systems, a manufacturer of dental equipment (which was sold in the latter half of the period); Chart Industries, a maker of industrial equipment; and SVB Financial Group, a commercial banking company. On a more negative note, the fund sustained a significant loss when biotechnology developer VioPharma dropped sharply after reporting the failure of one of its leading, late-stage investigational drugs. Several other holdings experienced relatively steep declines due to weak earnings or

negative investor sentiment. These included shipping services provider Pacer International (which was sold in the period), biotechnology firm Martek Biosciences, regional banking firm National Penn Bancshares and telecommunications services provider NTELOS Holdings.

### Remaining Cautiously Optimistic

As of mid-year 2009, high levels of uncertainty and volatility have continued to roil the small-cap stock market. Therefore, we have kept close watch on the fund's exposures to various sectors and industry groups. By avoiding unintentionally high or low exposure to any area, we seek to control certain risks and place greater emphasis on our security selection process.

Because volatile markets historically have favored higher-quality companies over the longer term, we currently are placing a slight emphasis on stocks of higher-quality companies with relatively little leverage. However, these tilts are mild and likely to affect the fund's performance only at the margins. More generally, we remain sharply focused on our disciplined, quantitative stock selection process, which is designed to identify individual issues with relatively attractive value, momentum and quality characteristics in each sector and industry.

July 15, 2009

*The fund is only available as a funding vehicle under various life insurance policies or variable annuity contracts issued by insurance companies. Individuals may not purchase shares of the fund directly. A variable annuity is an insurance contract issued by an insurance company that enables investors to accumulate assets on a tax-deferred basis for retirement or other long-term goals. The investment objective and policies of Dreyfus Variable Investment Fund, Developing Leaders Portfolio made available through insurance products may be similar to other funds managed or advised by Dreyfus. However, the investment results of the portfolio may be higher or lower than, and may not be comparable to, those of any other Dreyfus fund.*

- <sup>1</sup> Total return includes reinvestment of dividends and any capital gains paid. Past performance is no guarantee of future results. Share price and investment return fluctuate such that upon redemption, fund shares may be worth more or less than their original cost. The fund's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in variable insurance contracts, which will reduce returns. Return figures provided reflect the absorption of certain fund expenses by The Dreyfus Corporation pursuant to an agreement in effect through May 1, 2010, at which time it may be extended, terminated or modified. Had these expenses not been absorbed, the fund's returns would have been lower.
- <sup>2</sup> SOURCE: LIPPER INC. — Reflects reinvestment of dividends and, where applicable, capital gain distributions. The Russell 2000 Index is an unmanaged index of small-cap stock performance and is composed of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index is composed of the 3,000 largest U.S. companies based on total market capitalization.

## UNDERSTANDING YOUR PORTFOLIO'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), redemption fees and expenses associated with variable annuity or insurance contracts, which are not shown in this section and would have resulted in higher total expenses. For more information, see your portfolio's prospectus or talk to your financial adviser.

### Review your portfolio's expenses

The table below shows the expenses you would have paid on a \$1,000 investment in Dreyfus Variable Investment Fund, Developing Leaders Portfolio from January 1, 2009 to June 30, 2009. 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 June 30, 2009

	Initial Shares	Service Shares
Expenses paid per \$1,000 <sup>†</sup>	\$ 3.65	\$ 4.90
Ending value (after expenses)	\$1,015.70	\$1,014.70

## COMPARING YOUR PORTFOLIO'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 portfolio'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 portfolio 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 June 30, 2009

	Initial Shares	Service Shares
Expenses paid per \$1,000 <sup>†</sup>	\$ 3.66	\$ 4.91
Ending value (after expenses)	\$1,021.17	\$1,019.93

<sup>†</sup> Expenses are equal to the portfolio's annualized expense ratio of .73% for Initial shares and .98% for Service shares, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

# STATEMENT OF INVESTMENTS

June 30, 2009 (Unaudited)

<b>Common Stocks—98.7%</b>	Shares	Value (\$)
<b>Commercial &amp; Professional Services—8.7%</b>		
ABM Industries	10,100	182,507
Anixter International	12,200 a,b	458,598
Applied Industrial Technologies	12,100	238,370
ATC Technology	72,000 b	1,044,000
Beacon Roofing Supply	34,200 a,b	494,532
Concur Technologies	17,100 a,b	531,468
Cross Country Healthcare	84,900 b	583,263
Gartner	35,800 a,b	546,308
M & F Worldwide	51,200 b	1,024,000
MPS Group	119,200 b	910,688
Nash Finch	17,600	476,256
On Assignment	45,300 b	177,123
ScanSource	42,200 b	1,034,744
School Specialty	31,600 a,b	638,636
Stamps.com	27,400 b	232,352
Sykes Enterprises	23,300 b	421,497
TeleTech Holdings	91,500 b	1,386,225
Viad	25,500	439,110
VistaPrint	13,700 a,b	584,305
World Fuel Services	28,100 a	1,158,563
Wright Express	13,300 b	338,751
		<b>12,901,296</b>
<b>Communications—2.7%</b>		
Cogent Communications Group	55,800 a,b	454,770
NTELOS Holdings	55,700	1,025,994
Starent Networks	52,000 a,b	1,269,320
Syniverse Holdings	16,500 b	264,495
USA Mobility	80,900	1,032,284
		<b>4,046,863</b>
<b>Consumer Durables—3.8%</b>		
Fossil	37,300 b	898,184
Fuel Systems Solutions	33,200 a,b	670,308
M/I Homes	66,600 b	652,014
Marvel Entertainment	4,700 b	167,273
Matthews International, Cl. A	11,400	354,768

## STATEMENT OF INVESTMENTS (Unaudited) (continued)

<b>Common Stocks (continued)</b>	Shares	Value (\$)
<b>Consumer Durables (continued)</b>		
Meritage Homes	33,700 <sup>b</sup>	635,582
Mine Safety Appliances	6,900	166,290
Polaris Industries	26,700 <sup>a</sup>	857,604
WMS Industries	38,500 <sup>a,b</sup>	1,213,135
		<b>5,615,158</b>
<b>Consumer Non-Durables—4.6%</b>		
American Greetings, Cl. A	89,500	1,045,360
Cal-Maine Foods	29,000 <sup>a</sup>	723,840
Central Garden & Pet, Cl. A	53,300 <sup>b</sup>	525,005
Deckers Outdoor	3,500 <sup>b</sup>	245,945
J & J Snack Foods	11,800	423,620
Oxford Industries	66,600	775,890
Perry Ellis International	37,100 <sup>b</sup>	270,088
Steven Madden	16,700 <sup>b</sup>	425,015
True Religion Apparel	26,200 <sup>b</sup>	584,260
Under Armour, Cl. A	8,700 <sup>a,b</sup>	194,706
Universal	34,200 <sup>a</sup>	1,132,362
Warnaco Group	12,000 <sup>b</sup>	388,800
		<b>6,734,891</b>
<b>Consumer Services—4.4%</b>		
Bally Technologies	12,700 <sup>a,b</sup>	379,984
California Pizza Kitchen	20,400 <sup>b</sup>	271,116
CEC Entertainment	16,700 <sup>b</sup>	492,316
Cheesecake Factory	11,700 <sup>b</sup>	202,410
Corinthian Colleges	17,700 <sup>a,b</sup>	299,661
Gaylord Entertainment	20,900 <sup>a,b</sup>	265,639
Isle of Capri Casinos	25,500 <sup>b</sup>	339,660
Marcus	13,100	137,812
National CineMedia	16,300	224,288
NutriSystem	68,700 <sup>a</sup>	996,150
P.F. Chang's China Bistro	40,200 <sup>a,b</sup>	1,288,812
Peet's Coffee & Tea	6,000 <sup>b</sup>	151,200
Pinnacle Entertainment	21,200 <sup>a,b</sup>	196,948
Pre-Paid Legal Services	20,600 <sup>a,b</sup>	897,954
Ruby Tuesday	19,100 <sup>b</sup>	127,206

<b>Common Stocks (continued)</b>	Shares	Value (\$)
<b>Consumer Services (continued)</b>		
Speedway Motorsports	9,200 <sup>a</sup>	126,592
Vail Resorts	5,600 <sup>a,b</sup>	150,192
		<b>6,547,940</b>
<b>Electronic Technology—11.9%</b>		
Acme Packet	38,600 <sup>b</sup>	390,632
American Science & Engineering	13,800	953,856
Anaren	33,900 <sup>b</sup>	599,352
Arris Group	73,600 <sup>b</sup>	894,976
Avocent	49,100 <sup>b</sup>	685,436
CTS	61,500	402,825
Daktronics	42,000 <sup>a</sup>	323,400
Dionex	10,400 <sup>b</sup>	634,712
DynCorp International, Cl. A	10,100 <sup>b</sup>	169,579
Imation	18,800	143,068
Intermec	13,900 <sup>b</sup>	179,310
Intevac	96,100 <sup>b</sup>	837,031
Methode Electronics	41,200	289,224
Microsemi	42,300 <sup>b</sup>	583,740
Multi-Fineline Electronix	18,700 <sup>b</sup>	400,180
OmniVision Technologies	75,800 <sup>b</sup>	787,562
Oplink Communications	61,400 <sup>b</sup>	699,960
Orbital Sciences	63,100 <sup>b</sup>	957,227
Pericom Semiconductor	84,900 <sup>b</sup>	714,858
Polycom	38,000 <sup>b</sup>	770,260
Skyworks Solutions	93,600 <sup>a,b</sup>	915,408
Standard Microsystems	48,200 <sup>b</sup>	985,690
Tessera Technologies	44,000 <sup>b</sup>	1,112,760
Triumph Group	25,700	1,028,000
TTM Technologies	65,200 <sup>a,b</sup>	518,992
Ultratech	14,300 <sup>b</sup>	176,033
VeriFone Holdings	40,400 <sup>b</sup>	303,404
Volterra Semiconductor	72,600 <sup>b</sup>	953,964
Zoran	19,100 <sup>b</sup>	208,190
		<b>17,619,629</b>

## STATEMENT OF INVESTMENTS (Unaudited) (continued)

<b>Common Stocks (continued)</b>	Shares	Value (\$)
<b>Energy Minerals—2.3%</b>		
Arena Resources	5,500 <sup>b</sup>	175,175
Berry Petroleum, Cl. A	14,000 <sup>a</sup>	260,260
Clayton Williams Energy	9,200 <sup>b</sup>	173,604
Comstock Resources	12,500 <sup>b</sup>	413,125
Contango Oil & Gas	16,100 <sup>b</sup>	684,089
EXCO Resources	54,700 <sup>b</sup>	706,724
McMoRan Exploration	59,700 <sup>a,b</sup>	355,812
Stone Energy	84,801 <sup>b</sup>	629,223
		<b>3,398,012</b>
<b>Finance—15.0%</b>		
Amerisafe	37,300 <sup>b</sup>	580,388
AmTrust Financial Services	67,000	763,800
Aspen Insurance Holdings	61,200	1,367,208
Bank Mutual	30,500	265,960
BankFinancial	15,900	140,874
Calamos Asset Management, Cl. A	72,400	1,021,564
Cash America International	8,200	191,798
Community Bank System	22,100 <sup>a</sup>	321,776
Compass Diversified Holdings	50,600	409,354
CorVel	16,500 <sup>b</sup>	375,705
Delphi Financial Group, Cl. A	55,200	1,072,536
EZCORP, Cl. A	55,900 <sup>b</sup>	602,602
First BanCorp/Puerto Rico	64,500	254,775
First Financial Bancorp	66,300	498,576
First Merchants	20,400	163,812
FirstMerit	65,278	1,108,420
Hercules Technology Growth Capital	54,641	456,799
Interactive Brokers Group, Cl. A	24,100 <sup>b</sup>	374,273
IPC Holdings	4,400	120,296
Kayne Anderson	24,100	319,566
Knight Capital Group, Cl. A	78,800 <sup>b</sup>	1,343,540
National Penn Bancshares	125,128 <sup>a</sup>	576,840
Nelnet, Cl. A	23,900 <sup>b</sup>	324,801
Northwest Bancorp	10,500	198,030
Old National Bancorp	58,400 <sup>a</sup>	573,488

**Common Stocks (continued)**

	Shares	Value (\$)
<b>Finance (continued)</b>		
Old Second Bancorp	50,900 <sup>a</sup>	300,310
optionsXpress Holdings	47,100	731,463
Pacific Capital Bancorp	56,900	121,766
PacWest Bancorp	74,800	984,368
Platinum Underwriters Holdings	21,300	608,967
PMA Capital, Cl. A	56,200 <sup>b</sup>	255,710
Prospect Capital	23,100 <sup>a</sup>	212,520
RSC Holdings	96,700 <sup>a,b</sup>	649,824
Signature Bank	8,900 <sup>b</sup>	241,368
Southside Bancshares	22,575	516,290
Susquehanna Bancshares	95,400 <sup>a</sup>	466,506
SVB Financial Group	36,800 <sup>a,b</sup>	1,001,696
SWS Group	15,600	217,932
TradeStation Group	14,700 <sup>b</sup>	124,362
UMB Financial	4,500	171,045
United Bankshares	20,400 <sup>a</sup>	398,616
United Community Banks	60,461 <sup>a,b</sup>	362,164
Universal American Financial	70,000 <sup>b</sup>	610,400
WesBanco	17,300 <sup>a</sup>	251,542
World Acceptance	18,000 <sup>a,b</sup>	358,380
WSFS Financial	10,600	289,486
		<b>22,301,496</b>
<b>Health Care Technology—11.2%</b>		
Align Technology	69,900 <sup>b</sup>	740,940
Alnylam Pharmaceuticals	16,000 <sup>a,b</sup>	356,320
Amedisys	3,900 <sup>a,b</sup>	128,778
American Medical Systems Holdings	18,300 <sup>b</sup>	289,140
American Oriental Bioengineering	85,700 <sup>a,b</sup>	453,353
AngioDynamics	38,200 <sup>b</sup>	506,914
CONMED	40,200 <sup>b</sup>	623,904
Cubist Pharmaceuticals	10,000 <sup>b</sup>	183,300
Cyberonics	29,100 <sup>b</sup>	483,933
Cynosure, Cl. A	84,672 <sup>b</sup>	647,741
Immucor	26,000 <sup>b</sup>	357,760
Invacare	24,700 <sup>a</sup>	435,955

## STATEMENT OF INVESTMENTS (Unaudited) (continued)

<b>Common Stocks (continued)</b>	Shares	Value (\$)
<b>Health Care Technology (continued)</b>		
Isis Pharmaceuticals	64,600 a,b	1,065,900
Kensey Nash	31,200 b	817,752
Martek Biosciences	56,300 a,b	1,190,745
Maxygen	64,900 b	436,128
Medivation	40,900 a,b	916,569
Merit Medical Systems	17,400 b	283,620
Metabolix	51,600 a,b	424,152
Momenta Pharmaceuticals	85,600 a,b	1,029,768
Myriad Genetics	33,300 b	1,187,145
Myriad Pharmaceuticals	8,325 b	38,711
Noven Pharmaceuticals	20,700 b	296,010
OSI Pharmaceuticals	15,900 a,b	448,857
PDL BioPharma	53,600	423,440
Somanetics	15,800 b	260,858
STERIS	18,100	472,048
Theravance	11,700 b	171,288
Valeant Pharmaceuticals International	33,500 a,b	861,620
ViroPharma	138,600 a,b	821,898
Zoll Medical	8,900 b	172,126
		<b>16,526,673</b>
<b>Industrial Services—3.2%</b>		
CARBO Ceramics	28,800 a	984,960
Dycom Industries	49,700 b	550,179
EMCOR Group	46,700 a,b	939,604
Gulf Island Fabrication	31,651	501,036
GulfMark Offshore	5,000 b	138,000
Insituform Technologies, Cl. A	14,600 b	247,762
Lufkin Industries	6,800	285,940
Michael Baker	3,800 b	160,968
Orion Marine Group	31,900 b	606,100
TBS International, Cl. A	8,300 b	64,823
Tutor Perini	17,900 b	310,744
		<b>4,790,116</b>

<b>Common Stocks (continued)</b>	Shares	Value (\$)
<b>Non-Energy Minerals-1.4%</b>		
Royal Gold	8,400 <sup>a</sup>	350,280
Universal Forest Products	31,200 <sup>a</sup>	1,032,408
Worthington Industries	58,002 <sup>a</sup>	741,846
		<b>2,124,534</b>
<b>Process Industries-4.2%</b>		
AEP Industries	5,600 <sup>b</sup>	147,784
Clearwater Paper	22,300 <sup>b</sup>	563,967
Darling International	57,100 <sup>b</sup>	376,860
Glatfelter	85,300	759,170
GrafTech International	68,400 <sup>b</sup>	773,604
Innophos Holdings	32,900	555,681
Minerals Technologies	32,400	1,167,048
Olin	39,500	469,655
Rock-Tenn, Cl. A	6,800	259,488
Schulman (A.)	38,300	578,713
Schweitzer-Mauduit International	6,600	179,586
Terra Industries	13,400	324,548
		<b>6,156,104</b>
<b>Producer Manufacturing-6.4%</b>		
A.O. Smith	24,300	791,451
Aaon	28,500 <sup>a</sup>	567,720
Baldor Electric	16,800 <sup>a</sup>	399,672
Brady, Cl. A	21,500	540,080
Cascade	35,100	552,123
Chart Industries	56,700 <sup>b</sup>	1,030,806
CIRCOR International	9,900	233,739
Comverge	31,400 <sup>a,b</sup>	379,940
DXP Enterprises	20,400 <sup>b</sup>	233,988
Energy Conversion Devices	19,000 <sup>a,b</sup>	268,850
Federal Signal	18,400	140,760
Gibraltar Industries	21,100	144,957
Insteel Industries	64,200 <sup>a</sup>	529,008
Kadant	15,800 <sup>b</sup>	178,382

<b>Common Stocks (continued)</b>	Shares	Value (\$)
<b>Producer Manufacturing (continued)</b>		
Knoll	68,500	519,230
L.B. Foster, Cl. A	32,200 <sup>b</sup>	968,254
Mueller Industries	5,600	116,480
Spartan Motors	23,500	266,255
Tecumseh Products, Cl. A	43,100 <sup>b</sup>	418,501
Tredegar	70,300	936,396
Wabtec	7,900	254,143
		<b>9,470,735</b>
<b>Retail Trade—3.9%</b>		
Aeropostale	45,900 <sup>a,b</sup>	1,572,993
Children's Place Retail Stores	20,000 <sup>a,b</sup>	528,600
Fred's, Cl. A	17,800 <sup>a</sup>	224,280
Genesco	12,100 <sup>b</sup>	227,117
Hot Topic	25,400 <sup>a,b</sup>	185,674
Jo-Ann Stores	22,100 <sup>b</sup>	456,807
JoS. A. Bank Clothiers	25,100 <sup>b</sup>	864,946
Pantry	50,100 <sup>b</sup>	831,660
Regis	16,300	283,783
Shoe Carnival	17,400 <sup>b</sup>	207,582
Systemax	21,600 <sup>a,b</sup>	257,256
Weis Markets	5,400	181,008
		<b>5,821,706</b>
<b>Technology Services—10.3%</b>		
Albany Molecular Research	98,600 <sup>b</sup>	827,254
AMERIGROUP	25,500 <sup>b</sup>	684,675
Black Box	18,200	609,154
CACI International, Cl. A	29,100 <sup>b</sup>	1,242,861
Centene	40,100 <sup>b</sup>	801,198
Earthlink	26,000 <sup>a,b</sup>	192,660
Fair Isaac	29,700	459,162
HEALTHSOUTH	22,100 <sup>b</sup>	319,124
HealthSpring	21,700 <sup>b</sup>	235,662
JDA Software Group	82,000 <sup>b</sup>	1,226,720
Kindred Healthcare	31,400 <sup>b</sup>	388,418

<b>Common Stocks (continued)</b>	Shares	Value (\$)
<b>Technology Services (continued)</b>		
Manhattan Associates	65,000 <sup>b</sup>	1,184,300
Net 1 UEPS Technologies	36,900 <sup>b</sup>	501,471
NetScout Systems	44,100 <sup>b</sup>	413,658
PharMerica	64,600 <sup>a,b</sup>	1,268,098
Quest Software	22,900 <sup>b</sup>	319,226
Shutterstock	64,700 <sup>b</sup>	902,565
Sohu.com	900 <sup>a,b</sup>	56,547
SPSS	32,100 <sup>b</sup>	1,071,177
SuccessFactors	59,800 <sup>a,b</sup>	548,964
Sybase	7,500 <sup>a,b</sup>	235,050
Triple-S Management, Cl. B	13,400 <sup>a,b</sup>	208,906
VASCO Data Security International	19,800 <sup>b</sup>	144,738
Vignette	72,800 <sup>b</sup>	957,320
Vital Images	10,500 <sup>b</sup>	119,175
Wind River Systems	22,500 <sup>b</sup>	257,850
		<b>15,175,933</b>
<b>Transportation—1.9%</b>		
Allegiant Travel	15,900 <sup>a,b</sup>	630,276
American Commercial Lines	8,900 <sup>a,b</sup>	137,772
Celadon Group	21,300 <sup>b</sup>	178,707
Knightsbridge Tankers	60,200	821,128
Nordic American Tanker Shipping	10,700 <sup>a</sup>	340,474
Saia	15,000 <sup>b</sup>	270,150
Ship Finance International	40,500 <sup>a</sup>	446,715
		<b>2,825,222</b>
<b>Utilities—2.8%</b>		
Avista	14,700	261,807
El Paso Electric	80,600	1,125,176
NorthWestern	44,700	1,017,372
Ormat Technologies	16,500 <sup>a</sup>	665,115
UIL Holdings	49,700	1,115,765
		<b>4,185,235</b>
<b>Total Common Stocks</b>		
(cost \$184,982,624)		<b>146,241,543</b>

## STATEMENT OF INVESTMENTS (Unaudited) (continued)

<b>Other Investment—1.0%</b>	Shares	Value (\$)
<b>Registered Investment Company;</b>		
Dreyfus Institutional Preferred Plus Money Market Fund (cost \$1,486,000)	1,486,000 <sup>c</sup>	<b>1,486,000</b>
<b>Investment of Cash Collateral for Securities Loaned—22.4%</b>		
<b>Registered Investment Company;</b>		
Dreyfus Institutional Cash Advantage Fund (cost \$33,278,632)	33,278,632 <sup>c</sup>	<b>33,278,632</b>
<b>Total Investments</b> (cost \$219,747,256)	<b>122.1%</b>	<b>181,006,175</b>
<b>Liabilities, Less Cash and Receivables</b>	<b>(22.1%)</b>	<b>(32,778,957)</b>
<b>Net Assets</b>	<b>100.0%</b>	<b>148,227,218</b>

<sup>a</sup> All or a portion of these securities are on loan. At June 30, 2009, the total market value of the portfolio's securities on loan is \$30,833,879 and the total market value of the collateral held by the portfolio is \$33,278,632.

<sup>b</sup> Non-income producing security.

<sup>c</sup> Investment in affiliated money market mutual fund.

Portfolio Summary (Unaudited)<sup>†</sup>

	Value (%)		Value (%)
Money Market Investments	23.4	Retail Trade	3.9
Finance	15.0	Consumer Durables	3.8
Electronic Technology	11.9	Industrial Services	3.2
Health Care Technology	11.2	Utilities	2.8
Technology Services	10.3	Communications	2.7
Commercial & Professional Services	8.7	Energy Minerals	2.3
Producer Manufacturing	6.4	Transportation	1.9
Consumer Non-Durables	4.6	Non-Energy Minerals	1.4
Consumer Services	4.4		
Process Industries	4.2		
			<b>122.1</b>

<sup>†</sup> Based on net assets.

See notes to financial statements.

# STATEMENT OF ASSETS AND LIABILITIES

June 30, 2009 (Unaudited)

	Cost	Value
<b>Assets (\$):</b>		
Investments in securities—See Statement of Investments (including securities on loan, valued at \$30,833,879)—Note 1(b):		
Unaffiliated issuers	184,982,624	146,241,543
Affiliated issuers	34,764,632	34,764,632
Cash		171,323
Receivable for investment securities sold		4,193,459
Dividends and interest receivable		126,165
Receivable for shares of Beneficial Interest subscribed		981
		<b>185,498,103</b>
<b>Liabilities (\$):</b>		
Due to The Dreyfus Corporation and affiliates—Note 3(b)		134,909
Liability for securities on loan—Note 1(b)		33,278,632
Payable for investment securities purchased		3,641,418
Payable for shares of Beneficial Interest redeemed		132,540
Interest payable—Note 2		5,876
Accrued expenses		77,510
		<b>37,270,885</b>
<b>Net Assets (\$)</b>		<b>148,227,218</b>
<b>Composition of Net Assets (\$):</b>		
Paid-in capital		290,431,887
Accumulated undistributed investment income—net		639,331
Accumulated net realized gain (loss) on investments		(104,102,919)
Accumulated net unrealized appreciation (depreciation) on investments		(38,741,081)
<b>Net Assets (\$)</b>		<b>148,227,218</b>

## Net Asset Value Per Share

	Initial Shares	Service Shares
Net Assets (\$)	137,975,892	10,251,326
Shares Outstanding	7,287,911	546,685
<b>Net Asset Value Per Share (\$)</b>	<b>18.93</b>	<b>18.75</b>

See notes to financial statements.

# STATEMENT OF OPERATIONS

Six Months Ended June 30, 2009 (Unaudited)

## Investment Income (\$):

### Income:

Cash dividends (net of \$903 foreign taxes withheld at source):	
Unaffiliated issuers	929,135
Affiliated issuers	624
Income from securities lending	166,951
Interest	61,560
<b>Total Income</b>	<b>1,158,270</b>

### Expenses:

Investment advisory fee—Note 3(a)	514,296
Prospectus and shareholders' reports	26,197
Professional fees	26,121
Custodian fees—Note 3(b)	13,536
Distribution fees—Note 3(b)	11,467
Trustees' fees and expenses—Note 3(c)	7,428
Shareholder servicing costs—Note 3(b)	3,609
Loan commitment fees—Note 2	2,449
Interest expense—Note 2	112
Miscellaneous	8,419
<b>Total Expenses</b>	<b>613,634</b>
Less—reduction in investment advisory fee due to undertaking—Note 3(a)	(100,620)
Less—reduction in fees due to earnings credits—Note 1(b)	(80)
<b>Net Expenses</b>	<b>512,934</b>
<b>Investment Income—Net</b>	<b>645,336</b>

## Realized and Unrealized Gain (Loss) on Investments—Note 4 (\$):

Net realized gain (loss) on investments	(29,950,035)
Net unrealized appreciation (depreciation) on investments	30,583,992
<b>Net Realized and Unrealized Gain (Loss) on Investments</b>	<b>633,957</b>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>1,279,293</b>

See notes to financial statements.

# STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
<b>Operations (\$):</b>		
Investment income—net	645,336	2,596,819
Net realized gain (loss) on investments	(29,950,035)	(71,013,847)
Net unrealized appreciation (depreciation) on investments	30,583,992	(39,691,395)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>1,279,293</b>	<b>(108,108,423)</b>
<b>Dividends to Shareholders from (\$):</b>		
Investment income—net:		
Initial Shares	(2,355,461)	(3,233,743)
Service Shares	(132,450)	(84,738)
Net realized gain on investments:		
Initial Shares	—	(19,376,168)
Service Shares	—	(821,738)
<b>Total Dividends</b>	<b>(2,487,911)</b>	<b>(23,516,387)</b>
<b>Beneficial Interest Transactions (\$):</b>		
Net proceeds from shares sold:		
Initial Shares	3,487,443	8,450,835
Service Shares	716,412	2,234,509
Dividends reinvested:		
Initial Shares	2,355,461	22,609,911
Service Shares	132,450	906,476
Cost of shares redeemed:		
Initial Shares	(11,421,650)	(209,580,698) <sup>a</sup>
Service Shares	(687,951)	(3,887,841)
<b>Increase (Decrease) in Net Assets from Beneficial Interest Transactions</b>	<b>(5,417,835)</b>	<b>(179,266,808)</b>
<b>Total Increase (Decrease) in Net Assets</b>	<b>(6,626,453)</b>	<b>(310,891,618)</b>
<b>Net Assets (\$):</b>		
Beginning of Period	154,853,671	465,745,289
<b>End of Period</b>	<b>148,227,218</b>	<b>154,853,671</b>
Undistributed investment income—net	639,331	2,481,906

## STATEMENT OF CHANGES IN NET ASSETS (continued)

	Six Months Ended June 30, 2009 (Unaudited)	Year Ended December 31, 2008
<b>Capital Share Transactions:</b>		
<b>Initial Shares</b>		
Shares sold	203,457	329,367
Shares issued for dividends reinvested	147,677	810,973
Shares redeemed	(680,440)	(7,357,070)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>(329,306)</b>	<b>(6,216,730)</b>
<b>Service Shares</b>		
Shares sold	42,066	85,389
Shares issued for dividends reinvested	8,378	32,855
Shares redeemed	(40,623)	(154,285)
<b>Net Increase (Decrease) in Shares Outstanding</b>	<b>9,821</b>	<b>(36,041)</b>

<sup>a</sup> Includes redemption-in-kind amounting to \$158,049,777.

See notes to financial statements.

## FINANCIAL HIGHLIGHTS

The following tables describe the performance for each share class for the fiscal periods indicated. All information (except portfolio turnover rate) reflects financial results for a single portfolio share. Total return shows how much your investment in the portfolio would have increased (or decreased) during each period, assuming you had reinvested all dividends and distributions. The portfolio's total returns do not reflect expenses associated with variable annuity or insurance contracts. These figures have been derived from the portfolio's financial statements.

Initial Shares	Six Months Ended	Year Ended December 31,				
	June 30, 2009 (Unaudited)	2008	2007	2006	2005	2004
<b>Per Share Data (\$):</b>						
Net asset value, beginning of period	19.01	32.34	42.03	43.96	41.55	37.39
Investment Operations:						
Investment income—net <sup>a</sup>	.08	.26	.24	.31	.18	.08
Net realized and unrealized gain (loss) on investments	.16	(11.87)	(4.29)	1.56	2.23	4.16
Total from Investment Operations	.24	(11.61)	(4.05)	1.87	2.41	4.24
Distributions:						
Dividends from investment income—net	(.32)	(.25)	(.31)	(.18)	—	(.08)
Dividends from net realized gain on investments	—	(1.47)	(5.33)	(3.62)	—	—
Total Distributions	(.32)	(1.72)	(5.64)	(3.80)	—	(.08)
Net asset value, end of period	18.93	19.01	32.34	42.03	43.96	41.55
<b>Total Return (%)</b>	1.57 <sup>b</sup>	(37.59)	(11.06)	3.77	5.80	11.34
<b>Ratios/Supplemental Data (%):</b>						
Ratio of total expenses to average net assets	.88 <sup>c</sup>	.83	.81	.82	.81	.79
Ratio of net expenses to average net assets	.73 <sup>c</sup>	.75	.81	.82 <sup>d</sup>	.81 <sup>d</sup>	.79 <sup>d</sup>
Ratio of net investment income to average net assets	.96 <sup>c</sup>	.95	.66	.75	.43	.20
Portfolio Turnover Rate	37.44 <sup>b</sup>	77.65	90.75	97.52	67.11	56.06
Net Assets, end of period (\$ x 1,000)	137,976	144,777	447,447	633,459	744,621	788,943

<sup>a</sup> Based on average shares outstanding at each month end.

<sup>b</sup> Not annualized.

<sup>c</sup> Annualized.

<sup>d</sup> Expense waivers and/or reimbursements amounted to less than .01%.

See notes to financial statements.

FINANCIAL HIGHLIGHTS (continued)

Service Shares	Six Months Ended	Year Ended December 31,				
	June 30, 2009 (Unaudited)	2008	2007	2006	2005	2004
<b>Per Share Data (\$):</b>						
Net asset value, beginning of period	18.77	31.94	41.56	43.51	41.22	37.12
Investment Operations:						
Investment income (loss)—net <sup>a</sup>	.06	.20	.15	.21	.07	(.02)
Net realized and unrealized gain (loss) on investments	.17	(11.75)	(4.25)	1.53	2.22	4.12
Total from Investment Operations	.23	(11.55)	(4.10)	1.74	2.29	4.10
Distributions:						
Dividends from investment income—net	(.25)	(.15)	(.19)	(.07)	—	—
Dividends from net realized gain on investments	—	(1.47)	(5.33)	(3.62)	—	—
Total Distributions	(.25)	(1.62)	(5.52)	(3.69)	—	—
Net asset value, end of period	18.75	18.77	31.94	41.56	43.51	41.22
<b>Total Return (%)</b>	1.47 <sup>b</sup>	(37.77)	(11.28)	3.52	5.56	11.05
<b>Ratios/Supplemental Data (%):</b>						
Ratio of total expenses to average net assets	1.13 <sup>c</sup>	1.08	1.06	1.08	1.06	1.04
Ratio of net expenses to average net assets	.98 <sup>c</sup>	.99	1.06	1.08 <sup>d</sup>	1.06 <sup>d</sup>	1.04 <sup>d</sup>
Ratio of net investment income (loss) to average net assets	.71 <sup>c</sup>	.75	.42	.51	.18	(.04)
Portfolio Turnover Rate	37.44 <sup>b</sup>	77.65	90.75	97.52	67.11	56.06
Net Assets, end of period (\$ x 1,000)	10,251	10,077	18,299	21,667	22,759	22,061

<sup>a</sup> Based on average shares outstanding at each month end.

<sup>b</sup> Not annualized.

<sup>c</sup> Annualized.

<sup>d</sup> Expense waivers and/or reimbursements amounted to less than .01%.

See notes to financial statements.

**NOTE 1—Significant Accounting Policies:**

Dreyfus Variable Investment Fund (the “fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company, operating as a series company currently offering seven series, including the Developing Leaders Portfolio (the “portfolio”). The portfolio is only offered to separate accounts established by insurance companies to fund variable annuity contracts and variable life insurance policies. The portfolio is a diversified series. The portfolio’s investment objective is capital growth. The Dreyfus Corporation (the “Manager” or “Dreyfus”), a wholly-owned subsidiary of The Bank of New York Mellon Corporation (“BNY Mellon”), serves as the portfolio’s investment adviser.

MBSC Securities Corporation (the “Distributor”), a wholly-owned subsidiary of the Manager, is the distributor of the portfolio’s shares, which are sold without a sales charge. The portfolio is authorized to issue an unlimited number of \$.001 par value shares of Beneficial Interest in the following classes of shares: Initial and Service. Each class of shares has identical rights and privileges, except with respect to the distribution plan and the expenses borne by each class, the allocation of certain transfer agency costs and certain voting rights. Income, expenses (other than expenses attributable to a specific class), and realized and unrealized gains or losses on investments are allocated to each class of shares based on its relative net assets.

The fund accounts separately for the assets, liabilities and operations of each series. Expenses directly attributable to each series are charged to that series’ operations; expenses which are applicable to all series are allocated among them on a pro rata basis.

The portfolio’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 portfolio's maximum exposure under these arrangements is unknown. The portfolio does not anticipate recognizing any loss related to these arrangements.

**(a) Portfolio valuation:** Investments in securities are valued at the last sales price on the securities exchange or national securities market on which such securities are primarily traded. Securities listed on the National Market System for which market quotations are available are valued at the official closing price or, if there is no official closing price that day, at the last sales price. 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. Registered investment companies that are not traded on an exchange are valued at their net asset value. When market quotations or official closing prices are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the portfolio calculates its net asset value, the portfolio may value these investments at fair value as determined in accordance with the procedures approved by the Board of Trustees. Fair valuing of securities may be determined with the assistance of a pricing service using calculations based on indices of domestic securities and other appropriate indicators, such as prices of relevant ADRs and futures contracts. For other securities that are fair valued by the Board of Trustees, certain factors may be considered such as: fundamental analytical data, the nature and duration of restrictions on disposition, an evaluation of the forces that influence the market in which the securities are purchased and sold, and public trading in similar securities of the issuer or comparable issuers. Financial futures are valued at the last sales price.

The portfolio adopted 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.

Various inputs are used in determining the value of the portfolio's investments relating to FAS 157. These inputs are summarized in the three broad levels listed below.

**Level 1**—quoted prices in active markets for identical investments.

**Level 2**—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

**Level 3**—significant unobservable inputs (including the portfolio's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2009 in valuing the portfolio's investments:

	Level 1— Quoted Prices	Level 2—Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
<b>Assets (\$)</b>				
Investments in Securities:				
Equity Securities—				
Domestic	146,241,543	—	—	<b>146,241,543</b>
Mutual Funds	34,764,632	—	—	<b>34,764,632</b>
Other Financial Instruments†	—	—	—	—
<b>Liabilities (\$)</b>				
Other Financial Instruments†	—	—	—	—

† Other financial instruments include derivative instruments, such as futures, forward foreign currency exchange contracts, swap contracts and options contracts. Amounts shown represent unrealized appreciation (depreciation), or in the case of options, market value at period end.

**(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. Dividend income is recognized on the ex-dividend date and interest income, including, where applicable, accretion of discount and amortization of premium on investments, is recognized on the accrual basis.

The portfolio has arrangements with the custodian and cash management bank whereby the portfolio 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 portfolio includes net earnings credits as an expense offset in the Statement of Operations.

Pursuant to a securities lending agreement with The Bank of New York Mellon, a subsidiary of BNY Mellon and an affiliate of Dreyfus, the portfolio may lend securities to qualified institutions. It is the portfolio's policy that, at origination, all loans are secured by collateral of at least 102% of the value of U.S. securities loaned and 105% of the value of foreign securities loaned. Collateral equivalent to at least 100% of the market value of securities on loan is maintained at all times. Collateral is either in the form of cash, which can be invested in certain money market mutual funds managed by the Manager, U.S. Government and Agency securities or letters of credit. The portfolio is entitled to receive all income on securities loaned, in addition to income earned as a result of the lending transaction. Although each security loaned is fully collateralized, the portfolio bears the risk of delay in recovery of, or loss of rights in, the securities loaned should a borrower fail to return the securities in a timely manner. During the period ended June 30, 2009, The Bank of New York Mellon earned \$71,550 from lending portfolio securities, pursuant to the securities lending agreement.

**(c) Affiliated issuers:** Investments in other investment companies advised by the Manager are defined as "affiliated" in the Act.

**(d) Dividends to shareholders:** Dividends are recorded on the ex-dividend date. Dividends from investment income-net and dividends from net realized capital gains, if any, are normally declared and paid annually, but the portfolio 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 carryovers, it is the policy of the portfolio not to distribute such gains. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles.

**(e) Federal income taxes:** It is the policy of the portfolio 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.

As of and during the period ended June 30, 2009, the portfolio did not have any liabilities for any uncertain tax positions. The portfolio recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense in the Statement of Operations. During the period, the portfolio did not incur any interest or penalties.

Each of the tax years in the three-year period ended December 31, 2008 remains subject to examination by the Internal Revenue Service and state taxing authorities.

The portfolio has an unused capital loss carryover of \$56,692,296 available for federal income tax purposes to be applied against future net securities profits, if any, realized subsequent to December 31, 2008. If not applied, the carryover expires in fiscal 2016.

The tax character of distributions paid to shareholders during the fiscal year ended December 31, 2008 was as follows: ordinary income

\$9,843,199 and long-term capital gains \$13,673,188. The tax character of current year distributions will be determined at the end of the current fiscal year.

**NOTE 2—Bank Lines of Credit:**

The portfolio participates with other Dreyfus-managed funds in a \$145 million unsecured credit facility led by Citibank, N.A. and a \$300 million unsecured credit facility provided by The Bank of New York Mellon (each, a “Facility”), each to be utilized primarily for temporary or emergency purposes, including the financing of redemptions. In connection therewith, the portfolio has agreed to pay its pro rata portion of Facility fees for each Facility. Interest is charged to the portfolio based on rates determined pursuant to the terms of the respective Facility at the time of the borrowing.

The average amount of borrowings outstanding under the Facilities during the period ended June 30, 2009 was approximately \$14,100, with a related weighted average annualized interest rate of 1.59%.

**NOTE 3—Investment Advisory Fee and Other Transactions With Affiliates:**

(a) Pursuant to an investment advisory agreement with the Manager, the investment advisory fee is computed at the annual rate of .75% of the value of the portfolio’s average daily net assets and is payable monthly.

The Manager has undertaken until May 1, 2010 that, if the aggregate expenses, exclusive of shareholder servicing fees and Rule 12b-1 fees, but including the investment advisory fee, exceed .70% of the value of the portfolio’s average daily net assets, the portfolio may deduct from the payment to be made to the Manager under the investment advisory agreement, or the Manager will bear, such excess expense. The reduction in investment advisory fee, pursuant to the undertaking, amounted to \$100,620 during the period ended June 30, 2009.

(b) Under the Distribution Plan (the “Plan”) adopted pursuant to Rule 12b-1 under the Act, Service shares pay the Distributor for distributing

their shares, for servicing and/or maintaining Service shares shareholder accounts and for advertising and marketing for Service shares. The Plan provides for payments to be made at an annual rate of .25% of the value of the Service shares' average daily net assets. The Distributor may make payments to Participating Insurance Companies and to brokers and dealers acting as principal underwriter for their variable insurance products. The fees payable under the Plan are payable without regard to actual expenses incurred. During the period ended June 30, 2009, Service shares were charged \$11,467 pursuant to the Plan.

The portfolio 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 portfolio. During the period ended June 30, 2009, the portfolio was charged \$440 pursuant to the transfer agency agreement.

The portfolio compensates The Bank of New York Mellon under a cash management agreement for performing cash management services related to portfolio subscriptions and redemptions. During the period ended June 30, 2009, the portfolio was charged \$80 pursuant to the cash management agreement. These fees were offset by earnings credits pursuant to the cash management agreement.

The portfolio also compensates The Bank of New York Mellon under a custody agreement for providing custodial services for the portfolio. During the period ended June 30, 2009, the portfolio was charged \$13,536 pursuant to the custody agreement.

During the period ended June 30, 2009, the portfolio was charged \$3,341 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: investment advisory fees \$124,426, Rule 12b-1 distribution plan fees \$2,132, custodian fees \$6,540, chief compliance officer fees \$1,670 and transfer agency per account fees \$141.

(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.

**NOTE 4—Securities Transactions:**

The aggregate amount of purchases and sales of investment securities, excluding short-term securities, during the period ended June 30, 2009, amounted to \$51,864,036 and \$59,758,490, respectively.

The portfolio adopted Statement of Financial Accounting Standards No. 161 “Disclosures about Derivative Instruments and Hedging Activities” (“FAS 161”). FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. Since the portfolio held no derivatives during the period ended June 30, 2009, FAS 161 disclosures did not impact the notes to financial statements.

At June 30, 2009, accumulated net unrealized depreciation on investments was \$38,741,081, consisting of \$9,397,768 gross unrealized appreciation and \$48,138,849 gross unrealized depreciation.

At June 30, 2009, 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 5—Subsequent Events Evaluation:**

Dreyfus has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date of issuance of the financial statements. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments.

## INFORMATION ABOUT THE REVIEW AND APPROVAL OF THE PORTFOLIO'S INVESTMENT ADVISORY AGREEMENT (Unaudited)

At a meeting of the fund's Board held on March 3, 2009, the Board unanimously approved the continuation of the fund's Investment Advisory Agreement with Dreyfus for a six-month term ending September 30, 2009. The Board members, none of whom are "interested persons" (as defined in the Investment Company Act of 1940, as amended) of the fund, were assisted in their review by independent legal counsel and met with counsel in executive session separate from representatives of Dreyfus. In approving the continuance of the Investment Advisory Agreement, the Board considered all factors that they believed to be relevant, including, among other things, the factors discussed below.

Analysis of Nature, Extent and Quality of Services Provided to the Fund. The Board members received a presentation from representatives of Dreyfus regarding services provided to the fund and other funds in the Dreyfus fund complex, and discussed the nature, extent and quality of the services provided to the fund pursuant to its Investment Advisory Agreement. Dreyfus' representatives reviewed the fund's distribution of accounts and the relationships Dreyfus has with various intermediaries and the different needs of each. Dreyfus' representatives noted the various distribution channels for the fund as well as the diverse methods of distribution among other funds in the Dreyfus fund complex, and Dreyfus' corresponding need for broad, deep, and diverse resources to be able to provide ongoing shareholder services to each distribution channel, including those of the fund. Dreyfus also provided the number of accounts investing in the fund, as well as the fund's asset size.

The Board members also considered Dreyfus' research and portfolio management capabilities and Dreyfus' oversight of day-to-day fund operations, including fund accounting and administration and assistance in meeting legal and regulatory requirements. The Board members also considered Dreyfus' extensive administrative, accounting and compliance infrastructure. The Board also considered Dreyfus' brokerage policies and practices, the standards applied in seeking best execution and Dreyfus' policies and practices regarding soft dollars.

Comparative Analysis of the Fund's Performance and Advisory Fee and Expense Ratio. The Board members reviewed the fund's performance and comparisons to a group of small-cap core funds underlying variable insurance products (the "Performance Group") and to a larger universe of funds, consisting of all small-cap core funds underlying variable insurance products (the "Performance Universe") selected and provided by Lipper, Inc., an independent provider of investment company data. The Board was provided with a description of the methodology Lipper used to select the Performance Group and Performance Universe, as well as the Expense Group and Expense Universe (discussed below). The Board members discussed the results of the comparisons and noted the fund's average annual total return ranked in the third quartile of the Performance Group and Performance Universe for the one-year period ended December 31, 2008 and ranked in the fourth quartile of the Performance Group and Performance Universe for other various periods ended December 31, 2008. Dreyfus also provided a comparison of the fund's calendar year total returns to the returns of the fund's benchmark index. The Board expressed its concern with the fund's performance and requested that Dreyfus take steps to improve it.

The Board members also discussed the fund's contractual and actual management fees and expense ratio and reviewed the range of management fees and expense ratios as compared to a comparable group of funds (the "Expense Group") and a broader group of funds (the "Expense Universe"), each selected and provided by Lipper. The fund's contractual and actual management fees and expense ratio ranked in the first quartile of the Expense Group and Expense Universe. After discussions with the Board members, representatives of Dreyfus agreed that, through May 1, 2010, if the aggregate expenses of a fund's share class, exclusive of shareholder servicing fees, and Rule 12b-1 fees, but including the management fee, exceed 0.70 of 1% of the value of the

fund average daily net assets, the fund may deduct from the payment to be made to Dreyfus under the Investment Advisory Agreement, or Dreyfus will bear, such excess expense.

Representatives of Dreyfus reviewed with the Board members the fees paid to Dreyfus or its affiliates by mutual funds and/or separate accounts managed by Dreyfus with similar investment objectives, policies and strategies as the fund (the “Similar Accounts”), and explained the nature of the Similar Accounts and the differences, from Dreyfus’ perspective, as applicable, in providing services to the Similar Accounts as compared to the fund. Dreyfus’ representatives also reviewed the costs associated with distribution through intermediaries. The Board analyzed differences in fees paid to Dreyfus and discussed the relationship of the advisory fees paid in light of the services provided. The Board members considered the relevance of the fee information provided for the Similar Accounts to evaluate the appropriateness and reasonableness of the fund’s management fees. The Board acknowledged that differences in fees paid by the Similar Accounts seemed to be consistent with the services provided.

Analysis of Profitability and Economies of Scale. Dreyfus’ representatives reviewed the dollar amount of expenses allocated and profit received by Dreyfus and the method used to determine such expenses and profit. The Board previously had been provided with information prepared by an independent consulting firm regarding Dreyfus’ approach to allocating costs to, and determining the profitability of, individual funds and the entire Dreyfus mutual fund complex. The Board also was informed that the methodology had also been reviewed by an independent registered public accounting firm which, like the consultant, found the methodology to be reasonable. The consulting firm also analyzed where any economies of scale might emerge in connection with the management of the fund. The Board members

evaluated the profitability analysis in light of the relevant circumstances for the fund and the extent to which economies of scale would be realized if the fund grows and whether fee levels reflect these economies of scale for the benefit of fund investors. The Board members also considered potential benefits to Dreyfus from acting as investment adviser and noted the soft dollar arrangements with respect to trading the fund's investments.

It was noted that the Board members should consider Dreyfus' profitability with respect to the fund as part of their evaluation of whether the fees under the Investment Advisory Agreement bear a reasonable relationship to the mix of services provided by Dreyfus, including the nature, extent and quality of such services, and that a discussion of economies of scale is predicated on a fund having achieved a substantial size with increasing assets and that, if a fund's assets had been static or decreasing, the possibility that Dreyfus may have realized any economies of scale would be less. It also was noted that the profitability percentage for managing the fund was within ranges determined by appropriate court cases to be reasonable given the services rendered and generally superior service levels provided. The Board also noted Dreyfus' waiver of receipt of a portion of the management fee and its effect on the profitability of Dreyfus.

At the conclusion of these discussions, the Board agreed that it had been furnished with sufficient information to make an informed business decision with respect to continuation of the fund's Investment Advisory Agreement. Based on the discussions and considerations as described above, the Board made the following conclusions and determinations.

- The Board concluded that the nature, extent and quality of the services provided by Dreyfus are adequate and appropriate.
- While the Board was concerned with the fund's performance, the Board noted Dreyfus' efforts to improve its returns, and determined to closely monitor performance.

- The Board concluded that the fee paid by the fund to Dreyfus was reasonable in light of the considerations described above.
- The Board determined that the economies of scale which may accrue to Dreyfus and its affiliates in connection with the management of the fund had been adequately considered by Dreyfus in connection with the advisory fee rate charged to the fund and that, to the extent in the future it were determined that material economies of scale had not been shared with the fund, the Board would seek to have those economies of scale shared with the fund.

The Board members considered these conclusions and determinations, along with information received on a routine and regular basis throughout the year, and, without any one factor being dispositive, the Board determined that continuation of the fund's Investment Advisory Agreement for a six-month period was in the best interests of the fund and its shareholders.

## NOTES



# For More Information

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**Dreyfus Variable  
Investment Fund,  
Developing Leaders Portfolio**  
200 Park Avenue  
New York, NY 10166

## **Investment Adviser**

The Dreyfus Corporation  
200 Park Avenue  
New York, NY 10166

## **Custodian**

The Bank of New York Mellon  
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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

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**Telephone** 1-800-554-4611 or 1-516-338-3300

**Mail** The Dreyfus Family of Funds, 144 Glenn Curtiss Boulevard, Uniondale, NY 11556-0144  
Attn: Investments Division

The portfolio 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 portfolio'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 1-800-SEC-0330.

A description of the policies and procedures that the portfolio uses to determine how to vote proxies relating to portfolio securities, and information regarding how the portfolio voted these proxies for the 12-month period ended June 30, 2009, is available at <http://www.dreyfus.com> and on the SEC's website at <http://www.sec.gov>. The description of the policies and procedures is also available without charge, upon request, by calling 1-800-645-6561.

