**Effective January 1, 2008, American Skandia Life Assurance Corporation changed its name to Prudential Annuities Life Assurance Corporation. This was merely a name change, and did not otherwise affect any of the terms of the annuity contract.**

**We no longer offer certain of our variable annuity products and are not required to update the annuity prospectuses for such products. We maintain on this site, for your reference, the most recent annuity prospectuses for these products. These annuity prospectuses are not an offer, or a solicitation of an offer, to sell the annuity contracts described therein. Investors in these annuity products continue to receive certain updated information annually (e.g., fund annual and semi-annual reports and fund prospectuses).**

For more information about your annuity, please reference your quarterly statements, call the Annuity Service Center at 888-778-2888 or contact your Financial Professional.

"This notice is not part of the accompanying prospectus"

Prudential

This Prospectus describes a type of variable annuity contract (the "contract") issued by American Skandia Life Assurance Corporation ("Skandia Life"), a stock life insurance company chartered under the insurance laws of the State of Connecticut. The Table of Contents is on Page i. Definitions applicable to this Prospectus are on page 1. The highlights of this offering are described beginning on Page 2. The contract or certain of its investment options may not be available in all jurisdictions. Various rights and benefits may differ between jurisdictions to meet applicable laws and/or regulations.

Premiums are invested in Class 1 Sub-accounts of American Skandia Life Assurance Corporation Variable Account B (the "Account"), a separate account of Skandia Life. Each of these Sub-accounts invests in an underlying mutual fund, or a portfolio of an underlying mutual fund. As of the date of this Prospectus, the underlying mutual funds (and the portfolios of such underlying mutual funds in which Sub-accounts offered pursuant to this Prospectus invest) are: (a) American Skandia Trust (portfolios - JanCap Growth, Lord Abbett Growth and Income, Henderson International Growth, Federated Utility Income, Federated High Yield, AST Phoenix Balanced Asset, AST Money Market, AST Phoenix Capital Growth, T. Rowe Price Asset Allocation, T. Rowe Price International Equity, Founders Capital Appreciation, INVESCO Equity Income, PIMCO Total Return Bond, AST Scudder International Bond and Eagle Growth Equity); (b) The Alger American Fund (portfolios - Growth, Small Capitalization, Income and Growth, Balanced, MidCap Growth ); (c) Alliance Variable Products Series Fund, Inc. (portfolios - Short-Term Multi-Market, Growth and Income, Growth); (d) Neuberger & Berman Advisers Management Trust (portfolios - Growth, Limited Maturity Bond, Balanced); and (e) Scudder Variable Life Investment Fund (portfolio - Bond).

New portfolios may be added from time to time to an underlying mutual fund and disclosed in such fund's prospectus. However, the addition of a portfolio does not require Skandia Life to make such portfolio available.

At any one time, Cash Value may be invested in the lesser of all Sub-accounts being offered to you or ten Sub-accounts. At any time you may transfer your Cash Value between the Sub-accounts being made available through this Prospectus. Skandia Life retains the right to limit the number of transfers per contract year and charge a fee of up to $10.00 per transfer for each transfer after the twelfth in any contract year. Additional Sub-accounts may be added from time to time.

The contract provides for several payout options and certain death benefits, so long as the contract is in force. The Cash Value changes daily to reflect investment performance and the deduction of charges. Therefore, the Cash Value can increase or decrease. There is no guaranteed minimum Cash Value.

This Prospectus describes your principal rights and limitations, and sets forth the information concerning the Account that investors should know before investing. Additional information about the Account has been filed with the Securities and Exchange Commission and is available without charge upon request. To obtain the Statement of Additional Information, send a written request to American Skandia Life Assurance Corporation, Attn: Dealer Marketing Desk, P.O. Box 883, Shelton, Connecticut, 06484, or telephone 1-800-752-6342. The Table of Contents for the Statement of Additional Information may be found on page 30 of this Prospectus. The Statement of Additional Information is incorporated by reference to this Prospectus.

**Purchase payments under these Annuities are not deposits or obligations of, or guaranteed or endorsed by, any bank or bank subsidiary and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. PLEASE READ THIS PROSPECTUS AND KEEP IT FOR FUTURE REFERENCE. FOR FURTHER INFORMATION CALL 1-800-752-6342.**

Issued by American Skandia Life Assurance Corporation
PSA-PROS (05/94) Prospectus Dated: April 29, 1994 Statement of Additional Information Dated: April 29, 1994

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## DEFINITIONS

ACCOUNT is the American Skandia Life Assurance Corporation Variable Account B.

ANNUITANT is the person upon whose life the contract is written.

ANNUITY DATE is the date on which annuity payments are to commence.

ANNUITY UNIT is a unit of measure used to calculate the value of annuity payments.

ANNUITY UNIT PRICE is the price used to calculate the number of Annuity Units to be allocated to a contract at the start of the Payout Period, and the subsequent value of Annuity Units. Each Sub-account will have its own Annuity Unit Price which will vary each Valuation Period to reflect the investment experience of the Sub-account.

BENEFICIARY(IES) is (are) the person(s) named by the Owner, either as of the Contract Date or at a later date, as the recipient of the death benefit.

CASH VALUE is the value of your contract prior to the Annuity Date before deduction of any contingent deferred Sales Charge and any unpaid/accrued contract charges.

CODE is the Internal Revenue Code of 1986, as amended from time to time.

CONTINGENT ANNUITANT is the person designated by the Owner, who becomes the Annuitant on the Annuitant's death prior to the Annuity Date.

CONTRACT DATE is the date shown in the Contract Schedule. All contract periods are measured from the Contract Date. A new contract year commences on each annual anniversary of the Contract Date.

IN WRITING is in a written form satisfactory to us and filed at the Office.

OFFICE is our business office, American Skandia Life Assurance Corporation, P.O. Box 883, Shelton, Connecticut 06484.

OWNER is the person who owns the contract. As described in the prospectus, "Owner" also means any subsequent legal owner.

PAYOUT PERIOD is the period during which the annuity is paid.

SKANDIA LIFE means "American Skandia Life Assurance Corporation".

SUB-ACCOUNTS are the subdivisions that form a part of the Account which is maintained for the purpose of calculating benefits under the contract and certain other Annuities we offer.

SURRENDER VALUE is the amount payable to the Owner on surrender of the contract prior to the Annuity Date. It is equal to the Cash Value on the date of surrender less any applicable contingent deferred sales charges and unpaid/accrued contract charges, including any premium taxes not previously deducted.

UNIT is a measure used to calculate your Cash Value prior to the Annuity Date.

UNIT PRICE is used for calculating (a) the number of Units allocated to your contract, and (b) the value of benefits under your contract prior to the Annuity Date. Each Sub-account will have its own Unit Price which will vary each Valuation Period to reflect the investment experience of that Sub-account.

VALUATION DAY is every day the New York Stock Exchange is open for trading or any other day that the Securities and Exchange Commission requires mutual funds or unit investment trusts to be valued.

VALUATION PERIOD is the period of time between the close of business and successive Valuation Days.

"We", "our", or "us" are references to Skandia Life.

"You" or "your" are references to the Owner.

Other terms used in this Prospectus are defined as they appear.

## SUMMARY

We offer a tax-deferred variable annuity contract (the "contract"). The contract offers the benefit of investing in one or more underlying mutual funds or portfolios of a mutual fund with varying investment objectives, together with the facility to withdraw your investment to fulfill your personal needs, such as retirement, and/or other financial objectives. The contract offers substantial advantages for many persons as a long-term financial planning program primarily due to the manner in which earnings and capital gains may be entitled to a deferral in taxation (see "Certain Tax Considerations").

**PREMIUM ALLOCATIONS** Your premium payments are allocated to the Account. In most states initial premium is allocated according to your instructions. In certain states the initial premium may be temporarily allocated to the AST Money Market Sub-account (see "Right to Return the Contract"). Each Sub-account invests exclusively in the shares of an underlying mutual fund or a separate portfolio of an underlying mutual fund ("Fund"). As of the date of this Prospectus, the underlying mutual funds (and the portfolios of such underlying mutual funds in which Sub-accounts offered pursuant to this Prospectus invest) are: (a) American Skandia Trust (portfolios - JanCap Growth, Lord Abbett Growth and Income, Henderson International Growth, Federated Utility Income, Federated High Yield, AST Phoenix Balanced Asset, AST Money Market, AST Phoenix Capital Growth, T. Rowe Price Asset Allocation, T. Rowe Price International Equity, Founders Capital Appreciation, INVESCO Equity Income, PIMCO Total Return Bond, AST Scudder International Bond, Eagle Growth Equity); (b) The Alger American Fund (portfolios - Growth, Small Capitalization, Income and Growth, Balanced, MidCap Growth); (c) Alliance Variable Products Series Fund, Inc. (portfolios - Short-Term Multi-Market, Growth and Income, Growth); (d) Neuberger & Berman Advisers Management Trust (portfolios - Growth, Limited Maturity Bond, Balanced); and (e) Scudder Variable Life Investment Fund (portfolio - Bond).

We may add additional Sub-accounts to invest in other Funds. New portfolios may be added from time to time to an underlying mutual fund and disclosed in such fund's prospectus. However, the addition of a portfolio does not require Skandia Life to make such portfolio available. At any one time your Cash Value may be invested in the lesser of all Sub-accounts being offered to you or ten Sub-accounts. Not less than 10% of a premium payment may be invested in any one Sub-account (see "Premium Payments"). Your Cash Value may be transferred among the Sub-accounts being offered to you, even after annuity payments have commenced (see "Transfers").

**BREAKPOINTS** We reserve the right to credit Additional Units to the contracts of Owners submitting large amounts of premium, wherever allowed by law. Currently, the breakpoints for such treatment are premiums of $500,000, $1,000,000 and $5,000,000. We reserve the right to change these breakpoints (see "Breakpoints").

**CONTRACT CHARGES**



**Sales Expenses** No deduction for sales expenses is made from premium payments. There is no charge assessed against premiums liquidated at least seven years after such premiums are received. However, a contingent deferred sales charge will be assessed against any liquidation of premiums received within seven years of either a full or partial surrender. Limited amounts are available without charge once each year under the free withdrawal privilege. Generally, surrendering amounts in excess of those available under the free withdrawal privilege is deemed first to be a liquidation of premiums received within seven years of the surrender. The contingent deferred sales charge for each premium is measured from the date such premium is applied. The charge is: year 1 - 7%; year 2 - 6%; year 3 - 5%; year 4 - 4%; year 5 - 3%; year 6 - 2%; year 7 - 1% (see "Contingent Deferred Sales Charge").

**Maintenance and Administration Fees** A maintenance fee of $30 is deducted from your Cash Value at the end of each contract year, or on surrender, and also on a pro-rata basis from variable annuity payments. An annual administration fee is charged daily against the Account at the rate of 0.15% per year (see "Maintenance and Administration Fees").

**Mortality and Expense Risk Charges** Annual Mortality and Expense Risk Charges are charged daily against the Account at a rate of 1.25% per year (see "Mortality and Expense Risk Charges").

**Premium Taxes** In some states, a deduction to cover state and local premium taxes will be made from your premiums or Cash Value (see "Premium Taxes"). Most state premium taxes do not exceed 31/2%; however, local taxes may be higher.

**Fund Charges** The Funds are subject to certain fees, charges and expenses. These are described in detail in the prospectuses of each Fund.

**DEATH BENEFITS** A death benefit of the greater of the Cash Value or 100% of the premium payments less all amounts surrendered is provided in the event of your death or the Annuitant's death (if there is no Contingent Annuitant) if occurring both (a) prior to the Annuity Date, and (b) before the contract anniversary following the earlier of your or the Annuitant's 85th birthday (see "Death Benefits").

**ANNUITY OPTIONS** You may choose the Annuity Date and may select any one of a number of annuity options on a fixed or variable basis or a combination of both (see "Annuity Date", and "Annuity Options").

**SURRENDERS** You have the right to surrender your contract in full or in part at any time prior to the Annuity Date. All or part of either a full or partial surrender may be subject to the contingent deferred sales charge if the transaction occurs within the first seven years after the most recent premium payment. However, even during any period such charge would apply, you may withdraw a limited amount without charge once each contract year (see "Surrenders").

A redemption or a full or partial surrender may result in a taxable event, and in certain situations, a tax penalty (see "Certain Tax Considerations").

**MEDICALLY-RELATED WITHDRAWALS** Where permitted by law, any applicable surrender charge is waived on a full surrender if we receive satisfactory evidence of certain medically-related events or conditions (see "Medically-Related Withdrawals").

**RIGHT TO RETURN THE CONTRACT** You have the right to return the contract within twenty-one days of receipt or longer where required by law. The Cash Value plus any premium tax deducted then will be refunded. However, State law may require return of the premiums received or the greater of (a) Cash Value plus any other deductions attributable to your contract; or (b) the premiums received. In such states, (i) your initial premium and any premium allocated to the Account within twenty-one days of the Contract Date will be allocated to the AST Money Market Sub-account during those initial twenty-one days, and (ii) if you return the contract within twenty-one days of receipt, the refund is the greater of (a) Cash Value plus any premium tax and any other deductions attributable to your contract, or (b) the premiums received. In all jurisdictions, the refund will not include the then current value of any Units added because of the amount of premium paid (see "Breakpoints"). After the twenty first day, Cash Value will be transferred, if necessary, among the Sub-accounts in the proportions indicated on your application or any later instructions received during the twenty-one day period (see "Right to Return the Contract").

**VOTING RIGHTS** You have the right to vote on matters affecting the Funds underlying the Sub-accounts in which you maintain Cash Value to the extent that proxies are solicited by such Funds. If we do not receive instructions from you or other Owners, we will vote such interests in the same proportion as shares of the Funds for which we have received voting instructions (see "Voting Rights").

**TAX ADVANTAGES OF DEFERRED ANNUITIES** Generally, all earnings on the underlying investments of annuity contracts are tax-deferred until withdrawn or until annuity payments begin. Such tax-deferral is not available in most situations in which an entity is the owner of the contract for its own behalf, rather than on behalf of the Annuitant (see "Certain Tax Considerations").

**EXCHANGE CONTRACTS** We reserve the right to offer an exchange program to applicants who exchange an existing contract, other than a variable contract, issued by another insurance company not affiliated with us. Under this program Additional Units may be added to the Cash Value of such Owner's contracts. Subject to a specified maximum, the value of such Additional Units at the time added equals the surrender charge paid, if any, to the other insurance company (see "Exchange Contracts").

## EXPENSE TABLES

The tables which follow are designed to assist you in understanding the various costs and expenses you will bear directly or indirectly. The headings used may differ slightly from some terms used in this Prospectus; that is done to assist you in any comparison with other variable annuities. The tables reflect expenses of the Account, as well as those for the Funds.

The examples shown assume that all fees and expenses remain constant. THE EXAMPLES ARE ILLUSTRATIVE ONLY - THEY SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OF THE FUNDS - ACTUAL FUND EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. More detail regarding the expenses of the Funds may be found either in the prospectuses for such Funds or in the annual reports of such Funds. The expenses shown for the Funds are those provided to Skandia Life by the Funds. Skandia Life cannot make any representation as to the accuracy or completeness of the information provided to it by the Funds.

The expenses of the Account are fixed and may not be changed while you own your contract. These expenses are the same no matter which Sub-accounts you choose. Therefore, these expenses are only shown once below. More details regarding the expenses of the Account are found in the section entitled "Contract Charges".

The tables do not take into consideration any applicable premium taxes. Premium taxes vary from state to state. Premium taxes are discussed in the section entitled "Premium Taxes".



### Contract Owner Transaction Expenses

| | |
|---|---|
| Deferred Sales Load (as a percentage of purchase payment or amount surrendered, as applicable) | 7.0% of purchase payments, (maximum) |
| Annual Contract Fee | $30 |

### Separate Account Annual Expenses (as a percentage of average account value)

| | |
|---|---|
| Mortality and Expense Risk Fees | 1.25% |
| Account Fees and Expenses | 0.15% |
| Total Separate Account Annual Expenses | 1.40% |

**Underlying Fund Annual Expenses (as a percentage of average net assets)**

"N/A" shown below indicates that no entity has agreed to reimburse the particular expense indicated. "+" indicates that no reimbursement was provided in 1993, but that the Fund has indicated to us that current arrangements (which may change) provide for reimbursement.

| | Management Fee after any applicable reimbursement | Management Fee without any applicable reimbursement | Maximum 12b-1 Fees | Other Expenses after any applicable reimbursement | Other Expenses without any applicable reimbursement | Total Annual Expense after any applicable reimbursement | Total Annual Expenses without any applicable reimburse ment |
|---|---|---|---|---|---|---|---|
| American Skandia Trust | | | | | | | |
| JanCap Growth | N/A | 0.90% | N/A | + | 0.32% | + | 1.22% |
| Lord Abbett Growth and Income | N/A | 0.75% | N/A | 0.47% | 0.58% | 1.22% | 1.33% |
| Henderson International Growth[1] | N/A | 1.00% | N/A | + | 0.52% | + | 1.52% |
| Federated Utility Income[2] | N/A | 0.75% | N/A | + | 0.43% | + | 1.18% |
| Federated High Yield[3] | N/A | 0.75% | N/A | 0.40% | 0.43% | 1.15% | 1.18% |
| T. Rowe Price Asset Allocation[3] | N/A | 0.85% | N/A | 0.40% | 0.40% | 1.25% | 1.25% |
| T. Rowe Price International Equity[3] | N/A | 1.00% | N/A | 0.75% | 0.76% | 1.75% | 1.76% |
| Founders Capital Appreciation[3] | N/A | 0.90% | N/A | 0.40% | 0.45% | 1.30% | 1.35% |
| INVESCO Equity Income[3] | N/A | 0.75% | N/A | 0.45% | 0.45% | 1.20% | 1.20% |
| PIMCO Total Return Bond[3] | N/A | 0.65% | N/A | 0.40% | 0.40% | 1.05% | 1.05% |
| AST Phoenix Balanced Asset[2] | N/A | 0.75% | N/A | + | 0.38% | + | 1.13% |
| AST Money Market | N/A | 0.50% | N/A | 0.15% | 0.34% | 0.65% | 0.84% |
| AST Phoenix Capital Growth[3] | N/A | 0.75% | N/A | 0.40% | 0.40% | 1.15% | 1.15% |
| Eagle Growth Equity[3] | N/A | 0.75% | N/A | 0.50% | 0.50% | 1.25% | 1.25% |
| AST Scudder International Bond[3] | N/A | 1.00% | N/A | 0.75% | 0.79% | 1.75% | 1.79% |
| The Alger American Fund | | | | | | | |
| Growth | N/A | 0.75% | N/A | + | 0.22% | + | 0.97% |
| Small Capitalization | N/A | 0.85% | N/A | + | 0.18% | + | 1.03% |
| Income and Growth | N/A | 0.625% | N/A | + | 0.345% | + | 0.97% |
| Balanced | N/A | 0.75% | N/A | 0.50% | 0.69% | 1.25% | 1.44% |
| MidCap Growth[6] | N/A | 0.80% | N/A | + | 0.14% | + | 0.94% |
| Alliance Variable Products Series Fund, Inc. | | | | | | | |
| Short-Term Multi-Market[4] | 0.55% | 0.55% | N/A | 0.62% | 0.69% | 1.17% | 1.24% |
| Growth and Income[4] | 0.63% | 0.63% | N/A | 0.55% | 0.65% | 1.18% | 1.28% |
| Growth[4] | 0.57% | 1.00% | N/A | 0.61% | 1.05% | 1.18% | 2.05% |
| Neuberger & Berman Advisers Management Trust | | | | | | | |
| Growth[5] | N/A | 0.69% | 0.25% | + | 0.11% | + | 0.89% |
| Limited Maturity Bond[5] | N/A | 0.50% | 0.25% | + | 0.13% | + | 0.72% |
| Balanced[5] | N/A | 0.70% | 0.25% | + | 0.19% | + | 0.98% |
| Scudder Variable Life Investment Fund | | | | | | | |
| Bond | N/A | 0.475% | N/A | + | 0.135% | + | 0.61% |

(1) The amounts shown have been restated to reflect current fees. Through March 31, 1993, the advisor agreed to reimburse total expenses in excess of 2.50%. As of April 1, 1993, the advisor agreed to reimburse expenses in excess of 1.75%.

(2) The amounts shown indicate expenses from commencement of operations in May 1993 through December 31, 1993.

(3) These portfolios commenced operation on or after the date of this prospectus; therefore the amounts shown are estimated expenses.

(4) The amounts shown have been restated to reflect current fees. Prior to May 1, 1993, the Total Annual Expenses after any applicable reimbursement for each portfolio was 0.95%

(5) The expenses have been restated to reflect a 12b-1 plan that went into effect May 1, 1993, and was implemented on November 1, 1993. This plan provides that each portfolio may reimburse the advisor, on a quarterly basis, for certain distribution expenses - up to 0.25%, on an annual basis, of each portfolio's average daily net assets. Through December 31, 1993, the reimbursement was 0.01%. The estimated percentages for 1994 are 0.09%.

(6) The Other Expenses and Total Annual Expenses are estimates based on the portfolio's fiscal year ending December 31, 1994.

The expenses of the Fund portfolios either are currently being partially reimbursed or may be partially reimbursed in the future. Management Fees, Other Expenses and Total Annual Expenses are provided above on both a reimbursed and not reimbursed basis, if applicable. See the prospectuses or statements of additional information of the Funds for details.

**EXPENSE EXAMPLES**

The examples reflect expenses of our Sub-accounts, as well as those for the Funds or portfolios of the Funds.

The examples shown assume that: (a) fees and expenses remain constant; (b) there are no withdrawals from the Sub-accounts during the period shown; (c) there are no transfers or other transactions subject to a fee during the period shown; (d) no tax charge applies; and (e) the expenses throughout the period for the Funds will be the lower of the expenses without any applicable reimbursement or expenses after any applicable reimbursement for the prior calendar year shown above in section entitled Expense Tables.

THE EXAMPLES ARE ILLUSTRATIVE ONLY - THEY SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES OF THE UNDERLYING MUTUAL FUNDS OR THEIR PORTFOLIOS - ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

The Sub-accounts are referred to below by their specific names.

**Examples**
**(amounts shown are rounded to the nearest dollar)**

**If you surrender your contract at the end of the applicable time period, you would pay the following expenses on a $1,000 investment, assuming 5% annual return on assets:**

| Sub-accounts | After: | | | |
|---|---|---|---|---|
| | 1 yr. | 3 yrs. | 5 yrs. | 10 yrs. |
| AA Income and Growth | $95 | $127 | $161 | $279 |
| AA Small Capitalization | 96 | 129 | 165 | 285 |
| AA Growth | 95 | 127 | 161 | 279 |
| AA Balanced | 98 | 136 | 176 | 307 |
| AA MidCap Growth | 95 | 126 | 160 | 276 |
| NB Growth | 94 | 125 | 157 | 271 |
| NB Limited Maturity Bond | 93 | 119 | 149 | 254 |
| NB Balanced | 95 | 127 | 162 | 280 |
| AVP Short-Term Multi-Market | 97 | 133 | 172 | 299 |
| AVP Growth and Income | 97 | 133 | 172 | 300 |
| AVP Growth | 97 | 133 | 172 | 300 |
| HI International Growth | 101 | 144 | 189 | 334 |
| LA Growth and Income | 98 | 135 | 174 | 304 |
| Jancap Growth | 98 | 135 | 174 | 304 |
| Fed Utility Inc | 97 | 133 | 172 | 300 |
| Fed High Yield | 97 | 133 | 171 | 297 |
| AST Phoenix Balanced Asset | 97 | 132 | 170 | 295 |
| AST Money Market | 92 | 117 | 145 | 246 |
| AST Phoenix Capital Growth | 97 | 133 | 171 | 297 |
| T. Rowe Price Asset Allocation | 98 | 136 | 176 | 307 |
| T. Rowe Price International Equity | 103 | 151 | 201 | 355 |
| Founders Capital Appreciation | 98 | 137 | 178 | 312 |
| INVESCO Equity Income | 97 | 134 | 173 | 302 |
| PIMCO Total Return Bond | 96 | 129 | 166 | 287 |
| Scudder Bond | 91 | 116 | 143 | 242 |
| AST Scudder International Bond | 103 | 151 | 201 | 355 |
| Eagle Growth Equity | 98 | 136 | 176 | 307 |

**If you do not surrender your contract you would pay the following expenses on a $1,000 investment, assuming 5% annual return on assets:**

| Sub-accounts | After: 1 yr. | 3 yrs. | 5 yrs. | 10 yrs. |
|---|---|---|---|---|
| AA Income and Growth | $25 | $77 | $131 | $279 |
| AA Small Capitalization | 26 | 79 | 135 | 285 |
| AA Growth | 25 | 77 | 131 | 279 |
| AA Balanced | 28 | 86 | 146 | 307 |
| AA MidCap Growth | 25 | 76 | 130 | 276 |
| NB Growth | 24 | 75 | 127 | 271 |
| NB Limited Maturity Bond | 23 | 69 | 119 | 254 |
| NB Balanced | 25 | 77 | 132 | 280 |
| AVP Short-Term Multi-Market | 27 | 83 | 142 | 299 |
| AVP Growth and Income | 27 | 83 | 142 | 300 |
| AVP Growth | 27 | 83 | 142 | 300 |
| HI International Growth | 31 | 94 | 159 | 334 |
| LA Growth and Income | 28 | 85 | 144 | 304 |
| Jancap Growth | 28 | 85 | 144 | 304 |
| Fed Utility Inc | 27 | 83 | 142 | 300 |
| Fed High Yield | 27 | 83 | 141 | 297 |
| AST Phoenix Balanced Asset | 27 | 82 | 140 | 295 |
| AST Money Market | 22 | 67 | 115 | 246 |
| AST Phoenix Capital Growth | 27 | 83 | 141 | 297 |
| T. Rowe Price Asset Allocation | 28 | 86 | 146 | 307 |
| T. Rowe Price International Equity | 33 | 101 | 171 | 355 |
| Founders Capital Appreciation | 28 | 87 | 148 | 312 |
| INVESCO Equity Income | 27 | 84 | 143 | 302 |
| PIMCO Total Return Bond | 26 | 79 | 136 | 287 |
| Scudder Bond | 21 | 66 | 113 | 242 |
| AST Scudder International Bond | 33 | 101 | 171 | 355 |
| Eagle Growth Equity | 28 | 86 | 146 | 307 |

Please note: You may not annuitize your contract until the end of the third contract year. The expenses applicable if annuity payments were to begin at the end of the third contract year would be the same as those shown above if you did not surrender your contract.



## UNIT PRICES AND NUMBERS OF UNITS

The Unit Prices and number of Units in the Sub-accounts are shown below, as is yield information on the AST Money Market Sub-account. All or some of these Sub-accounts were available during the periods shown as investment options for other annuities we offer pursuant to different prospectuses. The charges assessed against the Sub-accounts under the terms of those other annuities are the same as the charges assessed against such Sub-accounts under the Annuity offered pursuant to this Prospectus. No information is provided for Sub-accounts that were not operational pursuant to any annuity we offered in 1993.

The following table shows: (a) the Unit Price as of the dates shown for Units in each of the Class 1 Sub-accounts of Separate Account B being offered pursuant to this Prospectus or which we offer pursuant to certain other prospectuses; and (b) the number of Units outstanding in each such Sub-account as of the dates shown. The year in which operations commenced in each such Sub-account is noted in parentheses. The portfolio in which a particular Sub-account invests may or may not have commenced operations prior to the date such Sub-account commenced operations. The initial offering price for each Sub-account was $10.00.

No information is shown below for Sub-accounts that had: (a) not commenced operations prior to the date of this Prospectus; or (b) ceased operations prior to date of this Prospectus. Prior to December 31, 1993, the AST Phoenix Balanced Asset Sub-account was the AST Balanced Sub-account.

Sub-account and the Year Sub-account Operations Commenced

| | AA Small Capitalization (1988) | AA Growth (1988) | AA Income and Growth (1988) | AA Balanced (1989) | AA MidCap Growth (1993) | NB Growth (1988) |
|---|---|---|---|---|---|---|
| No. of Units | | | | | | |
| as of 12/31/93 | 7,101,658 | 2,997,458 | 2,023,006 | 583,925 | 1,450,892 | 2,388,450 |
| as of 12/31/92 | 4,846,024 | 1,482,037 | 593,848 | 333,805 | 0 | 1,504,044 |
| as of 12/31/91 | 2,172,189 | 559,779 | 206,605 | 132,959 | 0 | 688,657 |
| as of 12/31/90 | 419,718 | 82,302 | 40,344 | 32,764 | 0 | 176,121 |
| as of 12/31/89 | 35,438 | 6,900 | 8,145 | 11,591 | 0 | 30,112 |
| as of 12/31/88 | 3,000 | --0-- | 1,760 | --0-- | 0 | 3,743 |
| Unit Price | | | | | | |
| as of 12/31/93 | $29.65 | $23.18 | $14.94 | $12.71 | $13.74 | $17.75 |
| as of 12/31/92 | 26.54 | 19.19 | 13.73 | 11.96 | 0 | 16.86 |
| as of 12/31/91 | 26.00 | 17.32 | 12.82 | 11.08 | 0 | 15.61 |
| as of 12/31/90 | 16.74 | 12.51 | 10.53 | 10.73 | 0 | 12.20 |
| as of 12/31/89 | 15.61 | 12.19 | 10.65 | 10.22 | 0 | 13.48 |
| as of 12/31/88 | 9.63 | 9.96 | 10.05 | --0-- | 0 | 10.56 |

| | NB Balanced (1989) | NB Limited Maturity Bond (1988) | AST Phoenix Balanced Asset (1993) | HI Inter National Growth (1992) | JanCap Growth (1992) | LA Growth and Income (1992) |
|---|---|---|---|---|---|---|
| No. of Units | | | | | | |
| as of 12/31/93 | 3,624,095 | 10,615,851 | 8,743,758 | 9,063,464 | 13,603,637 | 4,058,228 |
| as of 12/31/92 | 1,956,333 | 4,770,985 | 0 | 1,948,773 | 1,476,139 | 956,949 |
| as of 12/31/91 | 603,972 | 1,533,750 | 0 | 1,092,902 | 0 | 0 |
| as of 12/31/90 | 116,457 | 324,745 | 0 | 398,709 | 0 | 0 |
| as of 12/31/89 | 11,226 | 11,215 | 0 | 29,858 | 0 | 0 |
| as of 12/31/88 | --0-- | 498 | 0 | --0-- | 0 | 0 |
| Unit Price | | | | | | |
| as of 12/31/93 | $15.64 | $14.07 | $10.47 | $16.60 | $11.59 | $11.88 |
| as of 12/31/92 | 14.90 | 13.38 | 0 | 12.37 | 10.51 | 10.60 |
| as of 12/31/91 | 13.99 | 12.90 | 0 | 13.69 | 0 | 0 |
| as of 12/31/90 | 11.56 | 11.75 | 0 | 12.98 | 0 | 0 |
| as of 12/31/89 | 11.50 | 11.00 | 0 | 13.64 | 0 | 0 |
| as of 12/31/88 | 0 | 10.08 | 0 | 0 | 0 | 0 |

Sub-account and the Year Sub-account Operations Commenced

| | AST Money Market (1992) | Fed. Utility Income (1993) | AVP Short-Term Multi-Market (1989) | AVP Growth (1992) | AVP Growth and Income (1992) | Scudder Bond (1993) |
|---|---|---|---|---|---|---|
| No. of Units | | | | | | |
| as of 12/31/93 | 11,422,783 | 5,390,887 | 1,963,502 | 1,042,445 | 1,632,107 | 2,805,580 |
| as of 12/31/92 | 457,872 | 0 | 1,021,786 | 332,442 | 491,506 | 0 |
| as of 12/31/91 | 0 | 0 | 0 | 0 | 0 | 0 |
| as of 12/31/90 | 0 | 0 | 0 | 0 | 0 | 0 |
| as of 12/31/89 | 0 | 0 | 0 | 0 | 0 | 0 |
| as of 12/31/88 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unit Price | | | | | | |
| as of 12/31/93 | $10.12 | $10.69 | $10.42 | $12.49 | $11.48 | $10.52 |
| as of 12/31/92 | 10.01 | 0 | 9.91 | 11.25 | 10.42 | 0 |
| as of 12/31/91 | 0 | 0 | 0 | 0 | 0 | 0 |
| as of 12/31/90 | 0 | 0 | 0 | 0 | 0 | 0 |
| as of 12/31/89 | 0 | 0 | 0 | 0 | 0 | 0 |
| as of 12/31/88 | 0 | 0 | 0 | 0 | 0 | 0 |



The financial statements of the Sub-accounts being offered to you that were available as investment options in 1993 are found in the Statement of Additional Information.

## YIELD INFORMATION

Shown below is the current and effective yields for a hypothetical contract. The yield is calculated based on the performance of the AST Money Market Sub-account during the last seven days of the calendar year ending prior to the date of this Prospectus. At the beginning of the seven day period, the hypothetical contract had a balance of one Unit. The current and effective yields reflect the recurring charges against the Sub-account. Please note that current and effective yield information will fluctuate. This information may not provide a basis for comparisons with deposits in banks or other institutions which pay a fixed yield over a stated period of time, or with investment companies which do not serve as underlying funds for variable annuities.

| Sub-account | Current Yield | Effective Yield |
|---|---|---|
| AST Money Market | 1.20% | 1.21% |

## INFORMATION ON PERFORMANCE

We may advertise certain information regarding the performance of the Sub-accounts. Such information is based on past performance only and is no indication of future performance. We currently may provide two types of performance information: (a) "current and effective yield", which may be used with a money market-type Sub-account; and (b) "total return", either on a "standard" or "non-standard" basis, which may be used with the other types of Sub-accounts. Any performance information will reflect the charges made against the net asset value of the underlying Fund. Information on a standard basis also will reflect all charges made against the Account and Owner contracts. More details on how we compute performance information is found in the Statement of Additional Information.

"Current" yield is based on the earnings of a Sub-account over a seven-day period that is then annualized and stated as a percentage. "Effective" yield assumes compounding on earnings assuming continual reinvestment of such earnings. "Total return" is a comparison of the value of an investment between the beginning and end of a specified period. "Standard" total return is shown for one, five and ten year periods or some other relevant period. It also assumes deduction of any contingent deferred sales charge payable if the contract is surrendered. "Non-standard" total return will usually be measured over the same periods as standard total return, but will not assume redemption of the investment at the end of the period. Therefore, non-standard total return is higher than standard total return. Non-standard total return may only be shown in conjunction with standard total return.

Advertisements we distribute may also compare the performance of the Sub-accounts and Funds with: (a) certain unmanaged market indices, including but not limited to the Dow Jones Industrial Average, the Standard & Poor's 500, the Shearson Lehman Bond Index, the Frank Russell non-U.S. Universal Mean, the Morgan Stanley Capital International Index of Europe, Asia and Far East Funds, and the Morgan Stanley Capital International World Index; and/or (b) other management investment companies with investment objectives similar to the underlying Fund of the Sub-account being compared. This may include the performance ranking assigned by various publications, including but not limited to the Wall Street Journal, Forbes, Fortune, Money, Barron's, Business Week, USA Today and statistical services, including but not limited to Lipper Analytical Services Mutual Funds Survey, Lipper Annuity and Closed End Survey, the Variable Annuity Research Data Survey, SEI, the Morningstar Mutual Fund Sourcebook and the Morningstar Variable Annuity Life/Sourcebook.

Skandia Life may advertise its rankings and/or ratings by independent financial ratings services. Such rankings may help you in evaluating our ability to meet our obligations in relation to paying minimum death benefits, paying fixed annuity payments or administering contracts. Such rankings and ratings do not reflect or relate to the performance of Separate Account B.



## AMERICAN SKANDIA LIFE ASSURANCE CORPORATION

American Skandia Life Assurance Corporation ("Skandia Life") is a wholly owned subsidiary of American Skandia Investment Holding Corporation, whose indirect parent is Skandia Insurance Company Ltd. Skandia Insurance Company Ltd. is part of a group of companies whose predecessor commenced operations in 1855.

Skandia Life is organized as a Connecticut stock life company, and is subject to Connecticut law governing insurance companies. It is regulated and supervised by the Connecticut Commissioner of Insurance. By March 1 of every year, Skandia Life must prepare and file an annual statement, in a form prescribed by the Connecticut Insurance Department, which covers the operations of Skandia Life for the preceding calendar year, and must prepare and file its statement of financial condition as of December 31 of such year. The Commissioner and his or her agents have the right at all times to review or examine Skandia Life's books and assets. A full examination of Skandia Life's operations will be conducted periodically according to the rules and practices of the National Association of Insurance Commissioners ("NAIC"). Skandia Life is subject to the insurance laws and various federal and state securities laws and regulations and to regulatory agencies, such as the Securities and Exchange Commission (the "SEC") and the Connecticut Banking Department, which administer those laws and regulations. Skandia Life is currently engaged in the deferred and immediate annuity business.

Skandia Life Equity Sales Corporation, an affiliate, has registered with the SEC as a broker dealer in securities and is a member of the National Association of Securities Dealers, Inc. (the "NASD"). It will perform sales and distribution functions regarding the contracts, and it and/or American Skandia Business Corporation, (formerly Skandia U.S. Business Services Corporation), also an affiliate, may undertake certain administrative functions on behalf of Skandia Life (see "Sale of the Contract").

Our affiliate, American Skandia Life Investment Management, Inc., currently acts as the investment manager to the American Skandia Trust, one of the underlying Funds.

## AMERICAN SKANDIA LIFE ASSURANCE CORPORATION VARIABLE ACCOUNT B

American Skandia Life Assurance Corporation Variable Account B (the "Account") is a separate investment account of Skandia Life established on May 25, 1988 under the laws of the State of Connecticut. The Account holds assets which are segregated from all Skandia Life's other assets. Income, gains and losses, whether or not realized, from assets allocated to this Account, are credited to or charged against the Account in accordance with the contracts without regard to other income, gains or losses of Skandia Life. The Account is used only to support annuities with variable benefits.

The Sub-accounts offered pursuant to this Prospectus are all Class 1 Sub-accounts of the Account. Each class of Sub-accounts in the Account have a different level of charges assessed against such Sub-accounts.

The only Sub-accounts available for allocation of your Cash Value are those offered pursuant to this Prospectus. Persons interested in our other annuities may be offered the same or different Sub-accounts of the Account or any of our other separate accounts. Such sub-accounts may invest in some or all of the same Funds or portfolios of such Funds as the Sub-accounts offered pursuant to this Prospectus. As of the date of this Prospectus, the Annuities offered pursuant to this Prospectus and annuities offered pursuant to three other prospectuses maintained assets in Class 1 Sub-accounts. However, we may offer other annuities that maintain assets in Class 1 Sub-accounts. In addition, some of the Class 1 Sub-accounts may invest in Funds or Fund portfolios in which Sub-accounts in other classes of the Account invest.

The obligations to Owners, Annuitants, Beneficiaries, and persons entitled under the contracts are general corporate obligations of Skandia Life, which is also the legal owner of the assets in the Account. Skandia Life will at all times maintain assets in the Account with a total market value at least equal to the reserve and other liabilities relating to the variable annuity benefits under the contracts participating in the Account. These assets may not be charged with liabilities which arise from any other business Skandia Life conducts. Therefore, you are not affected by the rate of return of our general account or any of our other separate accounts.

The Account is registered with the SEC under the Investment Company Act of 1940 (the "1940 Act") as a unit investment trust, which is a type of investment company. This does not involve any supervision by the SEC of the investment policies, management or practices of the Account. Each of these Sub-accounts invests only in a single corresponding portfolio of a Fund (the "Trusts"). You will find additional information about the Trusts and their portfolios in their prospectuses.

Portfolios added to the Trusts may or may not be offered through Sub-account(s). These additional Sub-accounts will be permitted to invest (on instructions from you and other Owners) in Funds that we consider suitable. We also reserve the right to eliminate Sub-accounts from the Account, to combine Sub-accounts, or to substitute Funds. We also reserve the right to offer other Sub-accounts as investment options under totally separate offerings.

We do not guarantee the investment results of any Sub-account, nor is there any assurance that the value of a contract or the aggregate amount of the annuity payments will equal the total of premium payments made under the contract.

Skandia Life reserves the right to substitute the shares of any other registered investment company for the shares of any or all Funds held by the Account. Substitutions may be effected only if shares of the Funds become unavailable or by reason of change in applicable law. By law we are required to notify you of any substitution, and approval of the SEC is required to effect such substitution.



## FUNDS

We offer a number of Class 1 Sub-accounts. Each of these Sub-accounts invests exclusively in one Fund or a portfolio of a Fund. As of the date of this Prospectus, our Sub-accounts and the Funds or portfolios in which they invest are as follows:

**Fund: Neuberger & Berman Advisers Management Trust**

| Sub-account | Fund Portfolio |
|---|---|
| NB Growth | Growth |
| NB Limited Maturity Bond | Limited Maturity Bond |
| NB Balanced | Balanced |
| AVP Short-Term Multi-Market | Short-Term Multi-Market |
| AVP Growth and Income | Growth and Income |
| AVP Growth | Growth |

**Fund: The Alger American Fund**

| Sub-account | Fund Portfolio |
|---|---|
| AA Income and Growth | Income and Growth |
| AA Small Capitalization | Small Capitalization |
| AA Growth | Growth |
| AA Balanced | Balanced |
| AA MidCap Growth | MidCap Growth |

**Fund: Scudder Variable Life Investment Fund**

| Sub-account | Fund Portfolio |
|---|---|
| Scudder Bond | Bond |

**Fund: American Skandia Trust**

| Sub-account | Fund Portfolio |
|---|---|
| HI International Growth | Henderson International Growth |
| LA Growth and Income | Lord Abbett Growth and Income |
| JanCap Growth | JanCap Growth |
| Fed Utility Inc | Federated Utility Income |
| Fed High Yield | Federated High Yield |
| AST Phoenix Balanced Asset | AST Phoenix Balanced Asset |
| AST Money Market | AST Money Market |
| AST Phoenix Capital Growth | AST Phoenix Capital Growth |
| T. Rowe Price Asset Allocation | T. Rowe Price Asset Allocation |
| T. Rowe Price International Equity | T. Rowe Price International Equity |
| Founders Capital Appreciation | Founders Capital Appreciation |
| INVESCO Equity Income | INVESCO Equity Income |
| PIMCO Total Return Bond | PIMCO Total Return Bond |
| AST Scudder International Bond | AST Scudder International Bond |
| Eagle Growth Equity | Eagle Growth Equity |

Certain Sub-accounts may not be available in all jurisdictions. If and when we obtain approval of the applicable authorities to make such Sub-accounts available, we will notify Owners of the availability of such Sub-accounts.

We may make other Funds or Fund portfolios available by creating new Sub-accounts. Additionally, new portfolios may be made available by the creation of new Sub-accounts from time to time. Such a new portfolio of a Fund may be disclosed in its prospectus. However, addition of a portfolio does not require us to create a new Sub-account to invest in that portfolio. We may take other actions in relation to the Sub-accounts and/or the Account (see "Contract Modifications and Changes Within the Account").

Each Fund is registered under the Investment Company Act of 1940 as an open-end management investment company. Each Fund may or may not be diversified as defined in the Investment Company Act. As of the date of this Prospectus, the Fund portfolios in which Sub-accounts offered pursuant to this Prospectus invest are those shown above. A summary of the investment objectives and policies of such Fund portfolios is found in Appendix A. The trustees or directors, as applicable, of a Fund may add, eliminate or substitute portfolios from time to time. Generally, each portfolio issues a separate class of shares. As of the date of this Prospectus, shares of the Fund portfolios are available only to separate accounts of life insurance companies offering variable annuity and variable life insurance products. As of the date of this Prospectus, one of the portfolios was also available for purchase by certain retirement plans which are "qualified" under the Code.

The investment objectives, policies, charges, operations, the attendant risks and other details pertaining to each Fund portfolio are described in the prospectus of each Fund and the statements of additional information for such Fund. Also included in such information is the investment policy of each Fund or portfolio regarding the acceptable ratings by recognized rating services for bonds and other debt obligations. There can be no guarantee that any Fund or portfolio will meet its investment objectives.

Shares of the Funds may be available to variable life insurance and variable annuity separate accounts of other insurance companies. Possible consequences of this multiple availability are discussed in the subsection entitled Resolving Material Conflicts.

The prospectus for any Fund or Funds being considered by you should be read in conjunction herewith. A copy of each prospectus may be obtained without charge from us by calling Dealer Marketing, 1-800-752-6342 or writing P.O. Box 883, Attention: Dealer Marketing, Shelton, Connecticut, 06484-0883.

## CONTRACT CHARGES

**CONTINGENT DEFERRED SALES CHARGE** Although we incur sales expenses in connection with the sale of contracts (for example, preparation of sales literature, expenses of selling and distributing the contracts, including commissions, and other promotional costs) we do not deduct any charge from your premium payments for such expenses. However, a contingent deferred sales charge may be assessed on full or partial surrender.

There is no contingent deferred sales charge if all premiums were received at least 7 years prior to the date of either a full or partial surrender.

Under the free withdrawal privilege (described below), limited amounts of a partial surrender are available once each contract year without a contingent deferred sales charge being applied. Withdrawals of any type made prior to age 59 1/2 may be subject to a 10% tax penalty (See "Penalty on Distributions"). The maximum amount available under this privilege depends on the use of your contract when issued. As of the date of this Prospectus, we were seeking the required regulatory approvals so that, for contracts used in connection with retirement plans designed to meet the requirements of Section 401 of the Code, the maximum amount available as a free withdrawal, where permitted by law, is the greater of the contract's "growth" or 20% of "new" premiums. Until such approvals are obtained and implemented by us, the maximum free withdrawal amount is the same as for all other contracts. For all other contracts, the maximum is the greater of the contract's "growth" or 10% of "new" premiums. "Growth" equals the then current Cash Value less all "unliquidated" premiums and less the value at the time credited of any Units added under either an exchange program or due to premium size (see "Exchange Contracts" and "Breakpoints"). "Unliquidated" means not previously surrendered. "New" premiums are those received within seven (7) years of the date of the partial surrender. Units added under any exchange program or due to premium size are not treated as premium (see "Exchange Contracts"). For purposes of the contingent deferred sales charge, amounts withdrawn under the free withdrawal privilege, described below, are not considered a liquidation of premium.

The contingent deferred sales charge for each premium is measured from the date such premium is applied. The charge is: year 1 - 7%; year 2 - 6%; year 3 - 5%; year 4 - 4%; year 5 - 3%; year 6 - 2%; year 7 - 1%. Owners issued contracts under the prior schedule for this charge will never be charged more than 6%, nor will they be charged on any premium beyond year 6 after such premium was applied.

On a partial surrender, the contingent deferred sales charge is assessed against any unliquidated new premiums surrendered, for amounts surrendered in excess of the free withdrawal privilege. For these purposes, surrender amounts exceeding any free withdrawal privilege are deemed to come first from new premiums, then other premiums, then any remaining Surrender Value. If there are multiple new premiums, the one received earliest is liquidated first, then the one received next earliest, and so forth. Before we process a partial surrender request, we determine what the Surrender Value is at that time. If the amount of the partial surrender request plus $1,000 is more than the Surrender Value immediately prior to the partial surrender then we reserve the right to treat your request as one for a full surrender.

On a full surrender, the contingent deferred sales charge is assessed against all unliquidated new premiums.

Where permitted by law, any surrender charge applicable to a full surrender is waived if such full surrender qualifies under our rules as a medically-related withdrawal (see "Medically-Related Withdrawals").

The contingent deferred sales charge is deducted from the Sub-accounts in the same ratio as the amounts surrendered from the Sub-accounts.

From time to time we may reduce the amount of the contingent deferred sales charge when contract sales are made to individuals or a group of individuals in a manner that reduces sales expenses. We would consider such factors as (1) the size and type of group, (2) the amount of premium payments, (3) present Owners making additional premium payments, and/or (4) other transactions where sales expenses are likely to be reduced.

No contingent deferred sales charge is imposed when any contract is owned on its Contract Date by: (a) any parent company, affiliate or subsidiary of American Skandia Life Assurance Corporation; (b) an officer, director, employee, retiree, sales representative, or in the case of an affiliated broker-dealer, registered representative of such company; (c) the then current spouse of such person, (d) a child or other legal dependent of such person under the age of 21; (e) a director or trustee of any underlying Fund; (f) a director, officer or employee of any investment manager or sub-advisor providing investment management and/or advisory services to an underlying Fund or (g) a director, officer, employee or registered representative of a broker-dealer that has a then current selling agreement with Skandia Life Equity Sales Corporation, the then current spouse of such person as of the Contract Date of a contract issued to such spouse, or a child or other legal dependent of such person under the age of 21. No such contract is eligible for any Additional Amount due to the size of premium payments (see "Breakpoints") or may qualify under any Exchange Program (see "Exchange Contracts").

Any elimination of the contingent deferred sales charge or any reduction to the amount or duration of such charges will not discriminate unfairly between contract purchasers. We will not make any such changes to this charge where prohibited by law.

Expenses incurred in connection with the sale of the contract may exceed the charges made for such purpose. We expect that the contingent deferred sales charge will not be sufficient to cover the sales expenses. We expect to meet any deficiency from any profit we may make on the contract and from our surplus. This may include proceeds from, among others, the Mortality and Expense Risk Charges.

**MAINTENANCE AND ADMINISTRATION FEES** We assess two charges at amounts we believe necessary to recover the actual costs of maintaining and administering the contracts and the Account. The maintenance fee is $30 and is deducted annually to cover the cost of administering the contract. Before annuity payments commence, this fee is deducted at the end of each contract year or on surrender, if earlier. It will be deducted from your Sub-account holdings in the same proportion as each Sub-account holding currently bears to the Cash Value. During the Payout Period this fee is deducted from each annuity payment on a pro-rata basis.

We charge the Account, on a daily basis, an administration fee at the rate of 0.15% per year for administering the Class 1 Sub-accounts and the Account. The administration and maintenance fees are fixed and cannot be changed.

A relationship does not necessarily exist between the maintenance and administration charges to a particular contract and the expenses attributable to that particular contract. However, we believe the total charges made against all contracts and against the Class 1 Sub-accounts will not be greater than the total anticipated costs. We allocate costs pro-rata between classes in the Account in proportion to the assets in various classes. Types of expenses which might be incurred include, but are not necessarily limited to, the expenses of: developing and maintaining a computer support system for administering the contracts and the Account, issuing the contracts, preparing and delivering confirmations and quarterly contract statements, processing surrender requests, responding to Owner inquiries, reconciling and depositing cash receipts, calculating and monitoring daily Sub-account values, reporting for the Sub-accounts including quarterly, semi-annual and annual reports, and mailing and tabulation of shareholder proxy solicitations.

**MORTALITY AND EXPENSE RISK CHARGES** The Mortality Risk Charge is 0.90% per year and the Expense Risk Charge for Class 1 Sub-accounts is 0.35% per year. These charges are assessed in combination each day against each Sub-account at the rate of 1.25% per year. This charge is assessed both before and after the Annuity Date.

With respect to the Mortality Risk Charge, we assume the risk that the mortality experience under the contracts may be less favorable than our assumptions. This could arise for a number of reasons, such as when Annuitants live longer than we anticipated, or when the Sub-accounts decline in value resulting in losses in paying death benefits. If our mortality assumptions prove to be inadequate, we will absorb any resulting loss. Conversely, if the actual experience is more favorable than our assumptions, then we will benefit from the gain. We also assume the risk that the administration and maintenance fees might be insufficient to cover actual costs to us of such items.

If we realize a profit from the Mortality and Expense Risk Charges, such profit may be used to recover sales expenses incurred which may not be recovered by the contingent deferred sales charge.

**PREMIUM TAXES** In several states a premium tax is payable. We will deduct the amount of premium tax payable, if any, from your premiums if the tax is then incurred or from your Cash Value when applied under an annuity option if the tax is incurred at that time. The amount of the premium tax varies from jurisdiction to jurisdiction. It may also vary depending on whether the annuity qualifies for certain treatment under the Code. In each jurisdiction, the state legislature may change the amount of any current premium tax, may decide to impose the premium tax, eliminate it, or change the time it becomes payable. In those jurisdictions imposing such a tax, the premium tax rates currently in effect range up to 3 1/2%. In addition to state taxes, local taxes may also apply. The amounts of these taxes may exceed those for state taxes.

**EXPENSES INCURRED BY THE FUNDS:** Each Fund assesses various charges for investment management and investment advisory fees. You will find additional details in each Fund prospectus and its Statement of Additional Information.

## CONTRACT FEATURES

**INTRODUCTION** Several aspects of your contract can be explained in terms of two time periods. One is the time from your first premium payment until the Annuity Date (after which annuity payments are due). The other is the time from the Annuity Date until the last annuity payment is due, referred to as the "Payout Period". In certain cases, your and our rights and obligations differ depending upon the time period. In other cases, the same principles apply to both periods. Wherever possible, we indicate which principles apply to which time periods. Currently, we do not charge for any of the services indicated below for which we indicate that we reserve the right to make such a charge.

**PREMIUM PAYMENTS** In most states, your initial premium payment, less any applicable premium tax, is allocated to the Sub-accounts you choose. You may only choose Sub-accounts from among those being offered to you. In states which require that on cancellation under the "free-look" provision the amount returned equal at least the premiums paid, your initial premium less any applicable premium tax, and any other premium received within the twenty-one days of the Contract Date or longer where required by law, less any applicable premium tax, are allocated to the AST Money Market Sub-account during that period. After such period, the then current Cash Value is reallocated in the proportions indicated on your application, or according to any subsequent instructions we receive from you In Writing.

Subsequent payments are allocated to the Sub-accounts you elect. You may only allocate payments to the Sub-accounts being offered to you. Your instructions as to the allocation of any one premium payment will not apply to any other premium payment unless you specifically request us to do so. Should no instructions be received, we will return any additional premiums.

The minimum initial premium payment is $5,000, due on or before the Contract Date. Minimum subsequent payments are $1,000, or less where required by law or regulation, and may be paid at any time before the earlier of (1) the Annuity Date, and (2) the contract anniversary following the earlier of your or the Annuitant's 85th birthday. However, our prior approval is required before we will accept a premium payment of any amount that would cause your Cash Value to exceed $500,000.

The number of Units allocated to a Sub-account when a premium payment is applied is determined by dividing the portion of the premium allocated to that Sub-account by the Unit Price for the Sub-account on the Valuation Day we apply your premium payment.

We reserve the right to apply your initial premium payment up to two business days after we receive, at our Office, a properly completed application. We may retain the initial premium payment and not apply it to the Account for up to five business days while we attempt to obtain the information or materials needed to properly complete an application. If the application cannot be properly completed within that time, we will (a) attempt to inform you of the delay, and (b) return the amount of the premium payment, unless you specifically consent to our retaining it until the application can be properly completed. Once the application is properly completed, the initial premium payment is applied to the Account within two business days.



**BREAKPOINTS** Wherever allowed by law, we reserve the right to credit Additional Units to your contract if you submit large amounts of premium. Such Additional Units are purchased by us on your behalf with funds transferred to the Account from our general account.

The current breakpoints for qualifying for the Additional Units, and the value of such Units on the Valuation Day they are allocated to the Sub-accounts are as follows:

| **Premium received** | **Value of Additional Units as a percentage of premium** |
|---|---|
| At least $500,000 but less than $1,000,000 | 1.25% |
| At least $1,000,000 but less than $5,000,000 | 3.00% |
| At least $5,000,000 or more | 3.75% |

We currently plan to make such a program available. However, we reserve the right to modify, suspend or terminate it at any time, or from time to time, without notice.

The Additional Units are allocated to the Sub-accounts in the same manner as the premiums determined to be eligible for the crediting of Additional Units, including the determination of the Unit Price of such Additional Units. Such Additional Units are added at the same time premiums are allocated to the Sub-accounts.

The value of Additional Units that may be credited in relation to a premium payment combined with any Additional Units due under any exchange program we offer may not exceed the specified maximum percentage of such exchange program (see "Exchange Contracts").

Should you exercise your right to return the contract, the then current value of any Additional Units will be deducted from your Cash Value prior to determining the amount due you.

We do not consider Additional Units credited due to premium size to be an increase in your "investment in the contract" (see "Certain Tax Considerations").

Additional Units credited are not included in any amounts you may withdraw without assessment of the contingent deferred sales charge (see "Contingent Deferred Sales Charge").

**BANK DRAFTING** You make Purchase Payments to your annuity using bank drafting. However, you must pay at least one prior Purchase Payment by check. We will accept an initial Purchase Payment lower than our standard minimum Purchase Payment requirement of $5,000 if you also furnish bank drafting instructions that provide amounts that will meet a $1,000 minimum Purchase Payment requirement to be paid within 12 months. We will accept an initial Purchase Payment in an amount as low as $100, but it must be accompanied by a bank drafting authorization form allowing monthly Purchase Payments of at least $75.

**CASH VALUE** The Cash Value of your contract is not guaranteed and varies with the performance of your elected Sub-accounts. The Cash Value on a Valuation Day is determined by multiplying (a) the total number of your Units in each Sub-account on that Valuation Day by (b) the Unit Price of each of those Sub-accounts on that Valuation Day.

The number of Units is increased by premium payments allocated to or transfers into a Sub-account. The number of Units is decreased by partial surrenders from or transfers out of a Sub-account, as well as assessment of contract charges applicable to that Sub-account.

The Unit Price, and therefore your Cash Value, will usually vary each Valuation Period reflecting the investment results and charges against a Sub-account. The method of determining the Unit Price is explained in Schedule A.

You will receive written statements at least quarterly informing you of all transactions that occurred during the period which affected your Cash Value, as well as the then current Cash Value.

**TRANSFERS** You may transfer your Cash Value at any time prior to the Annuity Date (or you may transfer values after the Annuity Date, if a variable annuity option has been selected) by sending us a request In Writing. Such an "unscheduled" transfer is priced on the Valuation Day the request is received at our Office. At any one time you may divide your Cash Value among the lesser of those Sub-accounts currently being offered to you or ten Sub-accounts. Transfers must be requested either in dollar amounts or as a percent in whole numbers.

Contract Owners have no current limit on the number of transfers allowed per contract year. However, we reserve the right to charge up to the lesser of our actual costs in effecting such transfers or the maximum allowed under state law for transfers in excess of 12 in any contract year. Currently, that maximum is $10.00 per transfer. We also reserve the right to limit the number of transfers in any contract year for all existing or new Owners. Transfers made as part of the dollar cost-averaging program are included in determining the transfers per year that are not subject to a transfer fee.

**DOLLAR COST AVERAGING** We offer dollar cost averaging before the Annuity Date. Dollar cost averaging is a program designed to provide for regular, approximately level investments over time. You may choose to transfer earnings only, principal plus earnings or a flat dollar amount. We make no guarantee that a dollar cost averaging program will result in a profit or protect against loss in a declining market. You may select this program by submitting a request to us In Writing. You may cancel your participation in this program In Writing or by phone if you have previously authorized our acceptance of such instructions. We price transfers under such a program as of the Valuation Day such transfers are scheduled.

Dollar cost averaging is available from any of the investment options we choose to make available for such a program. We reserve the right to charge a processing fee for this service. Should we suspend or cancel the offering of this service, such suspension or cancellation will not affect any dollar-cost averaging programs then in effect.

**ADMINISTRATION OF TRANSACTIONS** In administering any transactions for which you provide instructions by telephone, we may require presentation of proper identification prior to processing, including the use of a personal identification number ("PIN") issued by us. We forward your PIN to you shortly after your Annuity is issued. To the extent permitted by law or regulation, neither we or any person authorized by us will be responsible for any claim, loss, liability or expense in connection with a telephone transfer if we or such other person acted on telephone transfer instructions in good faith in reliance on your telephone transfer authorization and on reasonable procedures to identify persons so authorized through verification methods which may include a request for your Social Security number or a personal identification number (PIN) as issued by us. We may be liable for losses due to unauthorized or fraudulent instructions should we not follow such reasonable procedures.

**SURRENDERS** You may fully surrender your contract for the Surrender Value at any time by sending us a request In Writing. The surrender must take place during the Annuitant's lifetime and before the Annuity Date. The Surrender Value may be more or less than the amount of premium payments applied to your contract. The Surrender Value is calculated at the Unit Prices on the Valuation Day your request is received at our Office.

You may surrender a part of the Surrender Value at any time while the Annuitant is still living and prior to the Annuity Date by sending us a request In Writing. The Cash Value is reduced by the amount requested plus any applicable contingent deferred sales charge.

The minimum amount of any partial surrender is $500. Before we process a partial surrender request, we determine what the Surrender Value is at that time. If the amount of the partial surrender request plus $1,000 is more than the Surrender Value immediately prior to the partial surrender, then we reserve the right to treat your request as one for a full surrender. Additionally, should your Surrender Value at any time not equal at least $1,000, we reserve the right to surrender your contract and send you the Surrender Value. Unless you instruct us otherwise, we will allocate partial surrenders to Sub-accounts in the same proportion as the value in each of your Sub-accounts bears to the Cash Value determined at the current Unit Prices.

If you do surrender, in full or in part, you may be assessed a contingent deferred sales charge that is deducted from the Cash Value (see "Contingent Deferred Sales Charge"). Also, under certain circumstances, some or all of the monies surrendered may be considered as taxable income and may also be subject to certain penalty provisions of the Code (see "Certain Tax Considerations").



**SYSTEMATIC WITHDRAWALS** Prior to the Annuity Date, we offer systematic withdrawals of earnings only, earnings plus principal or a flat dollar amount. Systematic withdrawals are deemed to be withdrawn from Cash Value in the same order as partial surrenders for the purposes of determining whether a contingent deferred sales charge applies (see "Contingent Deferred Sales Charge"). Also, under certain circumstances, some or all of the monies withdrawn may be considered as taxable distributions and may be subject to certain penalty provisions of the Code (see "Certain Tax Considerations").

We offer systematic withdrawals on a monthly basis only. You may begin a program of systematic withdrawals at any time by sending us a request In Writing.

The minimum amount of any systematic withdrawal is $100. For any scheduled systematic withdrawal other than the last that does not meet this minimum, we reserve the right to defer such a withdrawal and add the amount that is to be withdrawn at the next systematic withdrawal.

We reserve the right to charge a processing fee for this service. Should we suspend or cancel any systematic withdrawals, such suspension or cancellation will not affect any systematic withdrawal programs then in effect.

**MEDICALLY-RELATED WITHDRAWALS** Where permitted by law, you may apply to surrender your contract for its Cash Value prior to the Annuity Date upon occurrence of a "Contingency Event". This waiver of any applicable contingent deferred sales charge is subject to our rules. A "Contingency Event" occurs if the Annuitant is:

(1) First confined in a "Medical Care Facility" while your contract is in force and remains confined for at least 90 days in a row; or

(2) First diagnosed as having a "Fatal Illness" while your contract is in force.

"Medical Care Facility" means any state licensed facility providing medically necessary in-patient care which is prescribed by a licensed "Physician" in writing and based on physical limitations which prohibit daily living in a non-institutional setting. "Fatal Illness" means a condition diagnosed by a licensed "Physician" which is expected to result in death within 2 years for 80% of the diagnosed cases. "Physician" means a person other than you, the Annuitant or a member of either your or the Annuitant's families who is state licensed to give medical care or treatment and is acting within the scope of that license. We must receive satisfactory proof of the Annuitant's confinement or Fatal Illness In Writing.

**DEATH BENEFITS** Unless otherwise specified, for the purposes of this section "death" means either the Owner's death, or the Annuitant's death if there is no Contingent Annuitant. The amount payable on death prior to the Annuity Date and before the contract anniversary following the earlier of the Owner's or the Annuitant's 85th birthday is the greater of (1) the Cash Value as of the date we receive due proof of death, or (2) the sum of all premiums paid less all amounts surrendered. The death benefit at any later date prior to the Annuity Date is the Cash Value as of the date we receive due proof of death. The death benefit is reduced by any annuity payments made prior to the date we receive due proof of death In Writing.

In the absence of an election by the Owner prior to proceeds becoming due, the Beneficiary may elect to receive the death benefit under one of the annuity options. However, if the Owner has made an election, the Beneficiary may not modify such election. In the event of your death, the benefit must be distributed within: (a) five years of the date of death; or (b) over a period not extending beyond the life expectancy of the Beneficiary or over the life of the Beneficiary. Distribution after your death to be paid under (b) above, must commence within one year of the date of death.

If the Annuitant dies before the Annuity Date, the Contingent Annuitant will become the Annuitant. However, if the Contingent Annuitant predeceased the Annuitant or there is no Contingent Annuitant designation, the death benefit becomes payable to the Beneficiary.

The death of the first of any joint Owner is deemed the death of the Owner for determining payment of the death benefit.

If the Beneficiary is your spouse and your death occurs prior to the Annuity Date and the Annuitant or Contingent Annuitant is living, then in lieu of receiving the death benefit, your spouse may elect to be treated as the Owner.

**ANNUITY DATE** You may select an Annuity Date when you apply for the contract or at a later date, and you may change this at any time up to 30 days before the current Annuity Date. The Annuity Date may be the first day of any month on or after the third contract anniversary unless the Annuitant has a medically-related condition that would permit a medically-related withdrawal (see "Medically-Related Withdrawals"). In the absence of an election from you, In Writing, the Annuity Date will be the later of the first day of the month after the contract anniversary following the Annuitant's 85th birthday or the fifth anniversary of our receipt at our Office of your request to purchase a contract. The level of the initial annuity payment depends on, among other things, the Annuitant's age at the Annuity Date and the annuity option selected.

**ANNUITY OPTIONS** You may select an annuity option when you apply for the contract or at a later date, and you may change this at any time up to 30 days before the Annuity Date by sending us a request In Writing. In the absence of an election from you, variable annuity payments will automatically commence on the Annuity Date under option 2, with 120 payments certain. The Cash Value to be applied is determined on the fifth business day preceding the Annuity Date. Annuity options in addition to those shown are available with our consent.

You may elect to have any amount of the proceeds due to the Beneficiary applied under any of the options described below. The minimum monthly annuity payment is $50. If at any time annuity payments are or become less than $50, Skandia Life reserves the right to change the frequency of payment to intervals that will result in payments of at least $50, or less if required by law or regulation.

In the absence of an election by the Owner prior to proceeds becoming due, the Beneficiary may elect to receive the death benefit under one of the annuity options. However, if the Owner has made an election, the Beneficiary may not alter such election.

**Option 1: Life Annuity** This annuity is payable monthly during the lifetime of the payee, terminating with the last payment due prior to the death of the payee. Since no minimum number of payments is guaranteed, this option offers the maximum level of monthly payments of the annuity options. It is possible that the payee could receive only one payment if he or she died before the date the second payment was due, and no other payments nor death benefits would be payable.

**Option 2: Life Annuity with 120, 180, or 240 Monthly Payments Certain** This annuity provides monthly income to the payee for a fixed period of 120, 180, or 240 months, as selected, and for as long thereafter as the payee lives. Should the payee die before the end of the fixed period, the remaining payments are paid to the Beneficiary to the end of such period.

**Option 3: Joint and Last Survivor Annuity** This annuity is payable monthly during the joint lifetime of the payee and a secondary payee, and thereafter during the remaining lifetime of the survivor, ceasing with the last payment prior to the survivor's death. No minimum number of payments is guaranteed under this option. It is possible that only one payment will be payable if the death of all the key lives occurs before the date the second payment was due, and no other payments nor death benefits would be payable.

**Option 4: Payments for a Designated Period** This annuity provides an amount payable for a specified number of years. The number of years is subject to our then current rules. Should the payee die before the end of the specified number of years, the remaining payments are paid to the Beneficiary to the end of such period. Note that under this option, payments are not based on how long we expect Annuitants to live. Therefore, that portion of the mortality risk charge assessed to cover the risk that Annuitants live longer than expected provides no benefit to an Owner selecting this option.

**Determination of Payment Amount** At the time of election of one of the annuity options, the person electing the option may elect to have the Cash Value applied to a variable annuity, a fixed dollar annuity or a combination of both. If no election is made, the Cash Value is applied to provide a variable annuity where allowed by law and regulation. The minimum initial amount payable under either the variable or the fixed annuity option is the minimum initial annuity amount we allow under our then current rules.

The first monthly payment varies according to the annuity options you select. The first monthly payment is determined by multiplying the Cash Value (expressed in thousands of dollars) as of the close of business of the fifth business day preceding the Annuity Date by the amount of the first monthly payment per $1,000 of value obtained from the annuity tables. These are derived from the 1983a Individual Annuity Mortality Table with ages set back one year for males and two years for females and with an assumed interest rate of 4% per annum.

If a variable annuity option is selected, the amount of the first monthly annuity payment, as described above, is divided by the Annuity Unit Price(s) for the appropriate Sub-account(s) as of the close of business on the fifth business day preceding the Annuity Date in order to determine the number of Annuity Units for each Sub-account represented by the first payment.

The number of Annuity Units remains constant during the Payout Period under a variable annuity option. In each subsequent month, the dollar amount of the annuity payment is determined by multiplying this fixed number of Annuity Units by the then current Annuity Unit Price(s) for the appropriate Sub-account(s). If you transfer your Cash Value to different Sub-accounts, then the number of units will be adjusted to reflect the different Annuity Unit Prices.

Annuity payments will be made on the first day of the month following selection.

**QUALIFIED PLAN WITHDRAWAL LIMITATIONS** The Annuities are endorsed such that there are surrender or withdrawal limitations when used in relation to certain retirement plans for employees which qualify under various sections of the Code of 1986, as amended (the "Code"). These limitations do not affect certain roll-overs or exchanges between qualified plans. Distribution of amounts attributable to contributions made pursuant to a salary reduction agreement (as defined in Code section 403 (b), or attributable to transfers to a tax sheltered annuity from a custodial account (as defined in Section 403(b)(7)), is restricted to the employee's: (a) separation from service; (b) death; (c) disability (as defined in section 72 (m)(7) of the Code); (d) reaching age 59 1/2; or (e) hardship. Hardship withdrawals are restricted to amounts attributable to salary reduction contributions, and do not include investment results. In the case of tax sheltered annuities, these limitations do not apply to certain salary reduction contributions made and investment results earned prior to dates specified in the Code. In addition, the limitation on hardship withdrawals does not apply to salary reduction contributions made and investment results earned prior to dates specified in the Code which have been transferred from custodial accounts. Rollovers from the types of plans noted to another qualified plan or to an individual retirement account or individual retirement annuity are not subject to the limitations noted. Certain distributions, including rollovers, that are not transferred directly to the trustee of another qualified plan, the custodian of an individual retirement account or the issuer of an individual retirement annuity may be subject to automatic 20% withholding for Federal income tax. This may also trigger withholding for state income taxes (see "Certain Tax Considerations").

## EXCHANGE CONTRACTS

We reserve the right to offer an exchange program (the "Exchange Program") available only to applicants who exchange an existing contract issued by another insurance company not affiliated with us (an "Exchange Contract") for a contract issued by us ("Our Contract"). Such a program would be available only where permitted by law to owners of insurance or annuity contracts deemed not to constitute "securities" issued by an investment company. Therefore, while a currently owned variable annuity or variable life insurance policy may be exchanged for a Contract pursuant to Section 1035 of the Code, or where applicable, may qualify for a "rollover" or transfer to a Contract pursuant to certain other sections of the Code, such an exchange, "rollover" or transfer of such a currently owned variable annuity or variable life insurance policy subject to the Investment Company Act of 1940 will not qualify for any Exchange Program being offered in relation to Contracts offered pursuant to this Prospectus. You should carefully evaluate whether any particular Exchange Program we offer benefits you more than if you continued to hold your Exchange Contract. Factors to consider include, but are not limited to: (a) the amount, if any, of the surrender charges under your Exchange Contract, which you should ascertain from your insurance company; (b) the period of time the contingent deferred sales charge on Our Contract applies compared to the time remaining under your Exchange Contract during which surrender charges apply; (c) the potentially greater cost to you if the surrender charge on your Exchange Contract exceeds the Specified Maximum Percentage times the Exchange Proceeds and you thereafter surrender Our Contract and are required to pay a contingent deferred sales charge; and (d) the amount of Additional Units and timing of crediting of Additional Units under Our Contract. While we know of no adverse federal income tax consequences, you should consult with your tax advisor as to the tax consequences of such an exchange. Under such a program:

(1) We do not add Units (the "Additional Units") to Our Contract unless we receive In Writing, evidence satisfactory to us:

(a) of the surrender charge, if any, you paid to surrender the Exchange Contract and the amount of any such charge; and

(b) when applicable, that you acknowledge In Writing that any surrender charge under Our Contract applies in full, both as to amount and as to the period for which it is applicable measured from the date of issuance, to surrender or any subsequent withdrawal from Our Contract in excess of the free withdrawal privilege. If you later add premiums to Our Contract, the date such premiums are applied commences the measuring period for contingent deferred sales charges as to such premium.

(2) We allocate Additional Units as of the later of (a), (b) or (c); where:

(a) is the date the applicable premium is allocated to the investment options;

(b) is 30 days after the Contract Date; and

(c) is the date we receive, In Writing, evidence satisfactory to us of the amount of the surrender charge you paid to surrender the Exchange Contract.

(3) Such Additional Units are allocated in the same proportion as your then most recent instructions regarding allocation of premiums. Additional Units are allocated at the Unit Price for designated Sub-accounts on the Valuation Day of the addition. On the Valuation Day such Units are added, their value equals the lesser of:

(a) our specified maximum percentage ("Specified Maximum Percentage") of 5.5% applied to the amount we receive from the Exchange Contract (the "Exchange Proceeds") as applicable to all exchanges for Our Contract; or

(b) the surrender charge you paid to surrender the Exchange Contract.

The Specified Maximum Percentage noted above in (2)(a) is a percentage of the net amount payable when the Exchange Contract was surrendered, and does not include any other amounts added to purchase Our Contract. We reserve the right at any time and from time to time to increase or decrease the Specified Maximum Percentage. However, the Specified Maximum Percentage as in effect at any time will be used in the formula described above for all persons qualifying for the Exchange Program. The Specified Maximum Percentage is also stated in the written acknowledgment you must sign and submit to us prior to issuance of a contract as noted in (1)(b), above.

We currently plan to make such a program available. However, we reserve the right to modify, suspend, or terminate it at any time or from time to time without notice.

When credited, the value of Additional Units that may be credited in relation to a premium payment because of the size of the premium (see "Breakpoints") combined with any Additional Units due under the Exchange Program may not exceed the dollar value of the Specified Maximum Percentage times the Exchange Proceeds as noted in (2)(a), above.

We do not consider Additional Units added under the Exchange Program to be an increase in your "investment in the contract" (see "Certain Tax Considerations").

Additional Units credited are not included in any amounts you may withdraw without assessment of the contingent deferred sales charge (see "Contingent Deferred Sales Charge").



## CERTAIN TAX CONSIDERATIONS

This is a brief summary of certain Federal income tax laws as they are currently interpreted. No one can be certain that the laws or interpretations will remain unchanged or that agencies or courts will always agree as to how the tax law or regulations are to be interpreted. This discussion is not intended as tax advice. You may wish to consult a professional tax adviser for tax advice as to your particular situation.

### SKANDIA LIFE'S TAX CONSIDERATIONS

**Federal Income Taxes** We do not expect to incur any Federal income tax liability on earnings or realized capital gains attributable to the Account. Based on these expectations, no charges for Federal income taxes are currently deducted from the Account. If Skandia Life incurs income taxes attributable to the Account, or determines that such taxes will be incurred, we may assess a charge for such taxes against the Account.

**State and Local Income Taxes** Under current laws, we may incur state and local income taxes (in addition to premium taxes) in several states. We do not anticipate that these taxes will be significant. However, we may make charges to the Account in the event that the amount of these taxes changes.

**TAX CONSIDERATIONS RELATING TO YOUR ANNUITY**

Section 72 of the Code governs the taxation of annuities in general. Taxation of an annuity is largely dependent upon: (a) whether it is used in a qualified pension or profit sharing plan or other retirement arrangement eligible for special treatment under the Code; and (b) the status of the beneficial owner as either a natural or non-natural person (when the annuity is not used in a retirement plan eligible for special tax treatment). Non-natural persons include corporations, trusts, and partnerships, except where these entities own an annuity for the benefit of natural persons. Natural persons are individuals.

**Non-natural Persons** Any increase during a tax year in the value of an annuity if not used in a retirement plan eligible for special treatment under the Code is currently includible in the gross income of a non-natural person that is the contractholder. There are exceptions if an annuity is held by: (a) a structured settlement company; (b) an employer with respect to a terminated pension plan; (c) entities other than employers, such as a trust, holding an annuity as an agent for a natural person; or (d) a decedent's estate by reason of the death of the decedent.

**Natural Persons** Increases in the value of an annuity when the contractholder is a natural person generally are not taxed until distribution occurs. Distribution can be in a lump sum payment or in annuity payments under the annuity option elected. Certain other transactions may be deemed to be a distribution. The provisions of Section 72 of the Code concerning these distributions are summarized briefly below.

**DISTRIBUTIONS** Distributions received before the annuity payments begin are treated as being derived first from "income on the contract" and includible in gross income. The amount of the distribution exceeding "income on the contract" is not included in gross income. "Income on the contract" for an annuity is computed by subtracting from the value of all "related contracts" (our term, discussed below) the taxpayer's "investment in the contract": an amount equal to total purchase payments for all "related contracts" less any previous distributions or portions of such distributions from such "related contracts" not includable in gross income. "Investment in the contract" may be affected by whether an annuity or any "related contract" was purchased as part of a tax-free exchange of life insurance or annuity contracts under Section 1035 of the Code.

"Related contracts" may mean all annuity contracts or certificates evidencing participation in a group annuity contract for which the taxpayer is the beneficial owner and which are issued by the same insurer within the same calendar year, irrespective of the named annuitants. It is clear that "related contracts" include contracts prior to when annuity payments begin. However, there may be circumstances under which "related contracts" may include contracts recognized as immediate annuities under state insurance law or annuities for which annuity payments have begun. In a ruling addressing the applicability of a penalty on distributions, the Internal Revenue Service treated distributions from a contract recognized as an immediate annuity under state insurance law like distributions from a deferred annuity. The situation addressed by such ruling included the fact that: (a) the immediate annuity was obtained pursuant to an exchange of contracts; and (b) the purchase payments for the exchanged contract were contributed more than one year prior to the first annuity payment payable under the immediate annuity. This ruling also may or may not imply that annuity payments from a deferred annuity on or after its annuity date may be treated the same as distributions prior to the annuity date if such deferred annuity was: (a) obtained pursuant to an exchange of contracts; and (b) the purchase payments for the exchanged contract were made or may be deemed to have been made more than one year prior to the first annuity payment.

If "related contracts" include immediate annuities or annuities for which annuity payments have begun, then "related contracts" would have to be taken into consideration in determining the taxable portion of each annuity payment (as outlined in the "Annuity Payments" subsection below) as well as in determining the taxable portion of distributions from an annuity or any "related contracts" before annuity payments have begun. We cannot guarantee that immediate annuities or annuities for which annuity payments have begun could not be deemed to be "related contracts". You are particularly cautioned to seek advice from your own tax advisor on this matter.

**ASSIGNMENTS AND PLEDGES** Any assignment or pledge of any portion of the value of an annuity before annuity payments have begun are treated as a distribution subject to taxation under the distribution rules set forth above. Any gain in an annuity subsequent to the assignment or pledge of an entire annuity while such assignment or pledge remains in effect is treated as "income on the contract" in the year in which it is earned. For annuities not issued for use as qualified plans (see "Tax Considerations when Using Annuities in Conjunction with Qualified Plans"), the cost basis of the annuity is increased by the amount of any assignment or pledge includable in gross income. The cost basis is not affected by any repayment of any loan for which the annuity is collateral or by payment of any interest thereon.

**PENALTY ON DISTRIBUTIONS** Subject to certain exceptions, any distribution is subject to a penalty equal to 10% of the amount includible in gross income. This penalty does not apply to certain distributions, including: (a) distributions made on or after the taxpayer's age 59 1/2; (b) distributions made on or after the death of the holder of the contract, or, where the holder of the contract is not a natural person, the death of the annuitant; (c) distributions attributable to the taxpayer's becoming disabled; (d) distributions which are part of a scheduled series of substantially equal periodic payments for the life (or life expectancy) of the taxpayer (or the joint lives of the taxpayer and the taxpayer's Beneficiary); (e) distributions of amounts which are allocable to "investments in the contract" made prior to August 14, 1982; (f) payments under an immediate annuity as defined in the Code; (g) distributions under a qualified funding asset under Code Section 130(d); or (h) distributions from an annuity purchased by an employer on the termination of a qualified pension plan that is held by the employer until the employee separates from service.

Any modification, other than by reason of death or disability, of distributions which are part of a scheduled series of substantially equal periodic payments as noted in (d), above, that occur before the taxpayer's age 59 1/2 or within 5 years of the first of such scheduled payments will result in the requirement to pay the taxes that would have been due had the payments been treated as subject to tax in the years received, plus interest for the deferral period. It is our understanding that the Internal Revenue Service does not consider a scheduled series of distributions to qualify under (d), above, if the holder of the annuity retains the right to modify such distributions at will, even if such right is not exercised for a variable annuity, or, if the distributions are not based on a substantially equal number of Units, rather than a substantially equal dollar amount.

The Internal Revenue Service has ruled that the exception to the 10% penalty described above for "non-qualified" immediate annuities as defined under the Code may not apply to annuity payments under a contract recognized as an immediate annuity under state insurance law obtained pursuant to an exchange of contracts if: (a) purchase payments for the exchanged contract were contributed or deemed to be contributed more than one year prior to the first annuity payment payable under the immediate annuity; and (b) the annuity payments under the immediate annuity do not meet the requirements of any other exception to the 10% penalty. This ruling may or may not imply that the exception to the 10% penalty may not apply to annuity payments paid pursuant to a deferred annuity obtained pursuant to an exchange of contract if: (a) purchase payments for the exchanged contract were contributed or may be deemed to be contributed more than one year prior to the first annuity payment pursuant to the deferred annuity contract; or (b) the annuity payments pursuant to the deferred annuity do not meet the requirements of any other exception to the 10% penalty.



**ANNUITY PAYMENTS** The taxable portion of each payment is determined by a formula which establishes the ratio that "investment in the contract" bears to the total value of annuity payments to be made. However, the total amount excluded under this ratio is limited to the "investment in the contract". The formula differs between fixed and variable annuity payments. Where the annuity payments cease because of the death of the person upon whose life payments are based and, as of the date of death, the amount of annuity payments excluded from taxable income by the exclusion ratio does not exceed the investment in the contract, then the remaining portion of unrecovered investment is allowed as a deduction in the tax year of such death.

**GIFTS** The gift of an annuity to other than the spouse of the contract holder (or former spouse incident to a divorce) is treated for tax purposes as a distribution.

**TAX FREE EXCHANGES** Section 1035 of the Code permits certain tax-free exchanges of a life insurance, annuity or endowment contract for an annuity. If an annuity is obtained by a tax-free exchange of a life insurance, annuity or endowment contract purchased prior to August 14, 1982, then any distributions other than as annuity payments which do not exceed the portion of the "investment in the contract" (purchase payments made into the other contract, less prior distributions) prior to August 14, 1982, are not included in taxable income. In all other respects, the general provisions apply to distributions from annuities obtained as part of such an exchange.

**TRANSFERS BETWEEN INVESTMENT OPTIONS** Transfers between investment options are not subject to taxation. The Treasury Department may promulgate guidelines under which a variable annuity will not be treated as an annuity for tax purposes if persons with ownership rights have excessive control over the investments underlying such variable annuity. Such guidelines may or may not address the number of transfers between investment options offered under a variable annuity. It is not known whether such guidelines, if in fact promulgated, would have retroactive effect. It is also not known what effect, if any, such guidelines may have on transfers between the investment options of the annuity offered pursuant to this Prospectus.

We will take any action, including modifications to your annuity or the Sub-accounts, required to comply with such guidelines if promulgated.

**GENERATION-SKIPPING TRANSFERS** Under the Code certain taxes may be due when all or part of an annuity is transferred to or a death benefit is paid to an individual two or more generations younger than the contract holder. These taxes tend to apply to transfers of significantly large dollar amounts. We may be required to determine whether a transaction must be treated as a direct skip as defined in the Code and the amount of the resulting tax. If so required, we will deduct from your Contract or from any applicable payment to be treated as a direct skip any amount we are required to pay as a result of the transaction.

**DIVERSIFICATION** Section 817(h) of the Code provides that a variable annuity contract, in order to qualify as an annuity, must have an "adequately diversified" segregated asset account (including investments in a mutual fund by the segregated asset account of insurance companies). The Treasury Department's regulations prescribe the diversification requirements for variable annuity contracts. We believe the underlying mutual fund and portfolios should comply with the terms of these regulations.

**FEDERAL INCOME TAX WITHHOLDING** Section 3405 of the Code provides for Federal income tax withholding on the portion of a distribution which is includible in the gross income of the recipient. Amounts to be withheld depend upon the nature of the distribution. However, under most circumstances a recipient may elect not to have income taxes withheld or have income taxes withheld at a different rate by filing a completed election form with us.

Certain distributions, including rollovers, from most retirement plans, may be subject to automatic 20% withholding for Federal income taxes. This will not apply to: (a) any portion of a distribution paid as minimum distributions; (b) direct transfers to the trustee of another retirement plan; (c) distributions from an individual retirement account or individual retirement annuity; (d) distributions made as substantially equal periodic payments for the life or life expectancy of the participant in the retirement plan or the life or life expectancy of such participant and his or her designated beneficiary under such plan; and (e) certain other distributions where 20% withholding may not apply.

**TAX CONSIDERATIONS WHEN USING ANNUITIES IN CONJUNCTION WITH QUALIFIED PLANS**

There are various types of qualified plans for which an annuity may be suitable. Benefits under a qualified plan may be subject to that plan's terms and conditions irrespective of the terms and conditions of any annuity used to fund such benefits ("qualified contract"). We have provided below general descriptions of the types of qualified plans in conjunction with which we may issue an annuity. These descriptions are not exhaustive and are for general informational purposes only. We are not obligated to make or continue to make new annuities available for use with all the types of qualified plans shown below.

The tax rules regarding qualified plans are complex. The application of these rules depend on individual facts and circumstances. Before purchasing an annuity for use in funding a qualified plan, you should obtain competent tax advice, both as to the tax treatment and suitability of such an investment.

Qualified contracts include special provisions changing or restricting certain rights and benefits otherwise available to non-qualified annuities. You should read your annuity carefully to review any such changes or limitations. The changes and limitations may include, but may not be limited to, restrictions on ownership, transferability, assignability, contributions, distributions, as well as reductions to the minimum allowable purchase payment for an annuity and any subsequent annuity you may purchase for use as a qualified contract. Additionally, various penalty and excise taxes may apply to contributions or distributions made in violation of applicable limitations.

**Individual Retirement Programs** Eligible individuals may maintain an individual retirement account or annuity ("IRA"). Subject to limitations, contributions of certain amounts may be deductible from gross income. Purchasers of IRAs are to receive a special disclosure document, which describes limitations on eligibility, contributions, transferability and distributions. It also describes the conditions under which distributions from IRAs and other qualified plans may be rolled over or transferred into an IRA on a tax-deferred basis.

**Tax Sheltered Annuities** A tax sheltered annuity ("TSA") under Section 403(b) of the Code is a contract into which contributions may be made for the benefit of their employees by certain qualifying employers: public schools and certain charitable, educational and scientific organizations. Such contributions are not taxable to the employee until distributions are made from the TSA. The Code imposes limits on contributions, transfers and distributions. Nondiscrimination requirements apply as well.

**Corporate Pension and Profit-sharing Plans** Annuities may be used to fund employee benefits of various retirement plans established by corporate employers. Contributions to such plans are not taxable to the employee until distributions are made from the retirement plan. The Code imposes limitations on contributions and distributions. The tax treatment of distributions is subject to special provisions of the Code, and also depends on the design of the specific retirement plan. There are also special requirements as to participation, nondiscrimination, vesting and nonforfeitability of interests.

**H.R. 10 Plans** Annuities may also be used to fund benefits of retirement plans established by self-employed individuals for themselves and their employees. These are commonly known as "H.R. 10 Plans" or "Keogh Plans". These plans are subject to most of the same types of limitations and requirements as retirement plans established by corporations. However, the exact limitations and requirements may differ from those for corporate plans.

**Tax Treatment of Distributions from Qualified Annuities** A 10% penalty tax applies to the taxable portion of a distribution from a qualified contract unless one of the following exceptions apply to such distribution: (a) it is part of a properly executed roll-over or trustee-to-trustee transfer to another IRA, an individual retirement account or another eligible qualified plan; (b) it occurs on or after the taxpayer's age 59 1/2; (c) it is subsequent to the death or disability of the taxpayer (for this purpose disability is as defined in Section 72(m)(7) of the Code); (d) it is part of substantially equal periodic payments to be paid not less frequently than annually for the taxpayer's life or life expectancy or for the joint lives or life expectancies of the taxpayer and a designated beneficiary; (e) it is subsequent to a separation from service after the taxpayer attains age 55; (f) it does not exceed the employee's allowable deduction in that tax year for medical care; and (g) it is made to an alternate payee pursuant to a qualified domestic relations order. The exceptions stated above in (e), (f) and (g) do not apply to IRAs.

**Section 457 Plans** Under Section 457 of the Code, deferred compensation plans established by governmental and certain other tax exempt employers for their employees may invest in annuity contracts. The Code limits contribution and distributions, and imposes eligibility requirements as well. Contributions are not taxable to employees until distributed from the plan. However, plan assets remain the property of the employer and are subject to the claims of the employer's general creditors until such assets are made available to participants or their beneficiaries.



## OTHER MATTERS

**RIGHT TO RETURN THE CONTRACT** You have a twenty-one day "free-look" period, or longer where required by law, after you receive your contract to review it and decide whether you wish to retain it. You may cancel your contract by returning it to us at our Office or to the agent who sold it to you within the free-look period. Wherever state law permits, you will receive a refund equal to the sum of (1) the difference, if any, between the premiums paid and the amounts allocated to the Account under the contract (not including any Additional Units allocated due to premium size), and (2) the Cash Value of the contract on the date we receive the refund request at our Office (not including any Additional Units allocated due to premium size). Where this is permitted you bear the investment risk during this period.

State law may require return of the premiums received or the greater of (a) Cash Value plus any premium tax and any other deductions attributable to your contract; or (b) the premiums received. In such states (i) your initial premium and any premium received within the free-look period will be allocated to the AST Money Market Sub-account during that period, and if you return the contract within that period, the refund is the greater of (a) Cash Value (not including any Additional Units allocated due to premium size) plus any premium tax and any other deductions attributable to your contract, or (b) the premiums received. After the free-look period, Cash Value will be transferred, if necessary, among the Sub-accounts in the proportions indicated on your application or any later instructions received during the free-look period.

Should you exercise your right to return the contract, the then current value of any Additional Units credited in relation to the amount of premium paid will be deducted from your Cash Value prior to determining the amount due you (see "Breakpoints").

**VOTING RIGHTS** We will vote shares of the Funds that we hold in the Sub-accounts in the manner directed by the Owners. As to contracts which have not reached the Annuity Date, Owners give instructions equal to the number of shares represented by the Sub-account Units attributable to their contract. After the Annuity Date, the number of votes will decrease as the assets held to fund annuity payments decrease.

We will vote the shares of the attributable assets held in the Sub-accounts solely for us rather than on behalf of Owners, or to any share as to which we have not received instructions, in the same manner and proportion as the shares for which we have received instructions. We will do so separately for each Sub-account from various classes that may invest in the same Fund portfolio.

The number of votes for a Fund will be determined as of the record date for such Fund as chosen by its board of trustees or board of directors, as applicable. We will furnish Owners with proper forms and proxies to enable them to give the Fund these instructions.

Owner instructions regarding the Funds underlying the Sub-accounts in which an Owner is maintaining Cash Value will involve the following matters:

(1) election of the board of trustees, or board of directors, as applicable;
(2) ratification of the independent accountant;
(3) approval of the investment advisory agreement;
(4) any change in the fundamental investment policy; and
(5) any other matter requiring a vote of the shareholders.

With respect to approval of the investment advisory agreement or any change in a Fund's fundamental investment policy, Owners participating in such a Fund will vote separately on the matter, pursuant to the requirements of Rule 18f-2 under the Investment Company Act of 1940.

**RESOLVING MATERIAL CONFLICTS** Funds are available to registered separate accounts offering either or both variable life and variable annuity contracts of insurance companies not affiliated with Skandia Life. It is possible that differences might arise between our variable account and one or more accounts of other insurance companies which participate in a Fund. In some cases, it is possible that the differences could be considered "material conflicts". Such a "material conflict" could also arise due to changes in the law (such as state insurance law or Federal tax law) which affect these different variable life and annuity separate accounts. It could also arise by reason of differences in voting instructions of Skandia Life's Owners and those of other companies, or owners of variable annuity contracts and variable life contracts. It could also arise for other reasons. We will monitor events so we can identify how to respond to such conflicts. If such a conflict occurs, we will take the necessary action to protect our Owners.

**FINANCIAL STATEMENTS** Audited financial statements for the Class 1 Sub-accounts of the Account and Skandia Life are included in the Statement of Additional Information.

**MISCELLANEOUS**

**Age Limits** Both the Owner and the Annuitant, if different from the Owner, must be less than 85 years of age on the Contract Date.

**Your Right to Assign or Pledge Your Contract** Generally, the contract may be assigned or pledged for loans at any time, but may subject the assignment and/or loan proceeds to income taxes and certain penalty taxes (see "Certain Tax Considerations"). You may assign your rights in this contract to another person at any time, during the Annuitant's lifetime. You must give us a copy of the assignment. Prior to receipt of this notice, we will not be deemed to know of or be obligated under the assignment. We assume no responsibility for the validity or sufficiency of any assignment.

**Payment of Benefits** Generally, those amounts payable under the contract will be paid within seven days of our receipt at our Office of the required documentation. However, all procedures, including payment, based on the valuation of the Account may be postponed during the period (1) the New York Stock Exchange is closed, except for holidays or weekends, or trading on the New York Stock Exchange is restricted as determined by the SEC; (2) the SEC permits postponement and so orders; or (3) the SEC determines that an emergency exists making valuation or disposal of securities not reasonably practical.

We may also delay any contract transactions that affect Cash Value or transfers between Sub-accounts after the Annuity Date whenever any of the above circumstances apply.

**Contract Modification and Changes Within the Account** We reserve the right to:

(1) combine the Account or a portion thereof with other separate accounts; and or

(2) deregister the Account under the Investment Company Act of 1940; and/or

(3) operate the Account as a management investment company under the Investment Company Act of 1940 or in any other form permitted by law; and/or

(4) make changes required by any change in the Investment Company Act of 1940; and/or

(5) make changes that are necessary to maintain the tax status of the contract under the Code; and/or

(6) make changes required by any change in other Federal or state laws relating to retirement annuities or annuity contracts.

Also, from time to time, we may make additional Sub-accounts available to you. These Sub-accounts will invest in Funds we believe to be suitable for the contract. We may eliminate Sub-accounts from the Account, combine two or more Sub-accounts or substitute one or more new Funds for the Funds in which a Sub-account is invested or add a Fund. Substitutions may be necessary if we believe a Fund no longer suits the purpose of the contract. This may happen due to a change in laws or regulations, or a change in a Fund's investment objectives or restrictions, or because the Fund is no longer available for investment, or for some other reason. We would obtain prior approval from the insurance department of our state of domicile, if so required by law, before making such a substitution, deletion or addition. We also would obtain prior approval from the SEC so long as required by law, and any other required approvals before making such a substitution, deletion or addition.

We reserve the right to transfer assets of the Account, which we determine to be associated with the class of contracts to which your contract belongs, to another separate account. If your contract is modified, we will notify the Owner(s) (and/or payees during the Payout Period). We may endorse your contract to reflect the change.

**Sale of the Contract** Skandia Life Equity Sales Corporation ("SLESCO"), a wholly-owned subsidiary of American Skandia Investment Holding Corporation, acts as the principal underwriter of the contracts. SLESCO's principal business address is One Corporate Drive, Shelton, Connecticut 06484. SLESCO is a member of the National Association of Securities Dealers, Inc. ("NASD"). The contracts may be sold by registered representatives of SLESCO who are variable insurance and variable annuity agents. The contracts also may be offered through securities brokers or insurance brokers who have entered into agreements with SLESCO and who are legally qualified to sell the contracts under Federal and state laws. Each broker-dealer must be registered with the SEC under the Securities Exchange Act of 1934 and be a member of the NASD. SLESCO may also enter into agreements with entities that are exempt from such registration. Representatives must be qualified by state law to sell the contracts.

As of the date of this Prospectus, we were promoting the sale of our products and solicitation of additional purchase payments, where applicable, including contracts offered pursuant to this Prospectus, through a program of non-cash rewards to registered representatives of participating broker-dealers. We may withdraw or alter this promotion at any time.

**Beneficiary** When you apply for the contract, you may name your primary and contingent Beneficiaries. The Beneficiary is the person or persons entitled to receive the death benefit or remaining certain payments under an annuity option with certain payments. Unless you indicated that a prior choice was irrevocable, you may change these designations at any time during the Annuitant's lifetime by sending a request In Writing.

You may name more than one primary or contingent Beneficiary and if you do, the proceeds will be paid in equal shares to the survivors in the appropriate beneficiary class, unless you have requested otherwise In Writing.

If the primary Beneficiary dies before death proceeds become payable, the proceeds will become payable to the contingent Beneficiary. If no Beneficiary is alive when death proceeds become payable or in the absence of any Beneficiary designation, the proceeds will vest in you or your estate.

**Ownership** An Owner must be named. You may name more than one Owner. If you do, all rights reserved to Owners are then held jointly. We require the consent In Writing of all joint Owners for any transaction for which we require the written consent of Owners. Where required by law, we require the consent In Writing of the spouse of any person with a vested interest in a contract. Naming someone other than the payor of any premium as Owner may have gift, estate or other tax implications.

You may name a contingent Owner. However, this designation takes effect only on or after the Annuity Date.

**Annuitant** You must name an Annuitant. We do not accept a designation of joint Annuitants. If allowed by law, you may name one or more Contingent Annuitants. Where allowed by law, you must name Contingent Annuitants according to our rules when a contract is used as a funding vehicle for certain retirement plans designed to meet the requirements of Section 401 of the Code.

**Implications of Designations** Some of the tax implications of various designations are discussed in the section entitled "Certain Tax Considerations". However, there are other tax issues than those addressed in that section, including, but not limited to, estate and inheritance tax issues. You should consult with a competent tax counselor regarding the tax implications of various designations. You should also consult with a competent legal advisor as to the implications of certain designations in relation to an estate, bankruptcy, community property where applicable and other matters.

**Misstatement of Age or Sex** If the age and/or sex (where allowed by law) of the Annuitant has been misstated, we make adjustments to conform to the facts. Any underpayments by us will be remedied on the next payment following correction. Any overpayments by us will be charged against future amounts payable by us under your contract.

**Additional Reports** Upon your written request, we will provide you with reports more frequently than once a quarter. We reserve the right to charge up to $50 for each such additional report during a year other than the quarterly report. The fee will be deducted from your Cash Value at the time the report is made in proportion to your then current Sub-account holdings.

**Other Contracts Offered** In addition to the contract described in this prospectus, other forms of group or individual variable annuities may be sold providing benefits which vary in accordance with the investment experience of the Account.

**Custodian of the Assets** The assets of the Account are held by us under a safekeeping arrangement.

**Legal Proceedings** As of the date of this Prospectus, neither we nor SLESCO were involved in any litigation outside of the ordinary course of business, and know of no material claims.

**Legal Counsel** Counsel with respect to Federal laws and regulations applicable to the issue and sale of the contract and with respect to Connecticut law is Werner & Kennedy, 1633 Broadway, New York, New York 10019.

**Experts** Deloitte & Touche, 1633 Broadway, New York, New York 10019, independent auditors, have performed an annual audit of Skandia Life and the Account. The financial statements included in the Statement of Additional Information for Skandia Life and the Class 1 Sub-accounts of the Account have been audited by Deloitte & Touche, independent auditors, as stated in the report in the Statement of Additional Information, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.



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**TO**
**STATEMENT OF ADDITIONAL INFORMATION**
**AS CONTAINED IN PART B**

## SCHEDULE A

## UNIT PRICE DETERMINATION

Unit Pricing : For each Sub-account the initial Unit Price was $10.00.

The Unit Price for each subsequent period is the net investment factor for that period, multiplied by the Unit Price for the immediately preceding Valuation Period. The Unit Price for a Valuation Period applies to each day in the period.

The net investment factor is an index that measures the investment performance of and charges assessed against a Sub-account from one Valuation Period to the next.

The net investment factor for a Valuation Period is (a) divided by (b) less (c) where:

(a) is the net result of :

1) the net asset value per share of the underlying mutual fund shares held in the Sub-account at the end of the current Valuation Period plus the per share amount of any dividend or capital gain distribution declared and unpaid by the underlying mutual fund during that Valuation Period; plus or minus

2) any per share charge or credit during the Valuation Period as a provision for taxes attributable to the operation or maintenance of the Sub-account.

(b) is the net result of :

1) the net asset value per share plus any declared and unpaid dividends per share of the underlying mutual fund shares held in the Sub-account at the end of the preceding Valuation Period; plus or minus

2) any per share charge or credit during the preceding Valuation Period as a provision for taxes attributable to the operation or maintenance of the Sub-account

(c) is the Mortality and Expense Risk Charges and the administration fee.

We value the assets in the Account at their fair market value in accordance with accepted accounting practices and applicable laws and regulations. The net investment factor may be greater than, equal to, or less than one.

Annuity Unit Price: The Annuity Unit Price when Annuity Units are first purchased is $1.00. The Annuity Unit Price for each subsequent Valuation Period is determined by multiplying the Annuity Unit Price for the immediately preceding Valuation Period by the product of (a) the net investment factor for that Period and (b) 0.999892 per day since the preceding Valuation Period. The Annuity Unit Price for a Valuation Period applies to each day in the Period.

## APPENDIX A

## SHORT DESCRIPTION OF THE UNDERLYING MUTUAL FUND PORTFOLIO INVESTMENT OBJECTIVES AND POLICIES

Please refer to the prospectuses of each underlying mutual fund for more complete details.

### American Skandia Trust

**Henderson International Growth Portfolio**: The investment objective of Henderson International Growth Portfolio is long-term capital appreciation consistent with preservation of capital primarily through investment in securities of non-United States issuers. The portfolio may invest in securities of issuers domiciled in any country but under normal conditions investments will be made in two principal regions: The United Kingdom and Continental Europe; and the Pacific Basin Countries. Continental European countries include Austria, Belgium, Denmark, Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. Countries in the Pacific Basin include Australia, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, People's Republic of China, Philippines, Singapore, Taiwan, and Thailand. The portfolio believes that it will usually have assets invested in both of these regions. Although under normal market conditions the portfolio will invest in a minimum of five countries, it may have assets invested in many of the above countries. Investments will not normally be made in securities of issuers located in the United States or Canada.



**Lord Abbett Growth and Income Portfolio**: The investment objective of the Lord Abbett Growth and Income Portfolio is long-term growth of capital and income while attempting to avoid excessive fluctuations in market value. This objective will be pursued by investing in securities which are selling at reasonable prices in relation to value. Normally, investments will be made in common stocks of large, seasoned companies which are in sound financial condition and are expected to show above-average growth.

**AST Money Market Portfolio:** The investment objectives of the AST Money Market Portfolio are to maximize current income and maintain high levels of liquidity. This portfolio attempts to accomplish its objectives by maintaining a dollar-weighted average maturity of not more than 90 days and by investing in the types of securities described below which have effective maturities of not more than 397 days. Investments may include obligations of the United States government, its agencies or instrumentalities; certificates of deposit, time deposits and bankers' acceptances of certain financial institutions which have more than $2 billion in total assets; commercial paper and corporate bonds; asset-backed securities; and repurchase and reverse repurchase agreements. Securities may be purchased on a when-issued or delayed delivery basis. Subject to applicable investment restrictions, the AST Money Market Portfolio also may lend its securities.

**AST Phoenix Capital Growth Portfolio**: The investment objective of the AST Growth Portfolio is to seek long-term appreciation of capital. Because income is not an objective, any income generated by the portfolio's assets will be incidental to its objective. The portfolio intends to invest primarily in the common stock of companies believed by management to have appreciation potential. Normally its investment will consist largely of common stocks selected for the promise they offer of appreciation of capital. However, the portfolio may also invest in preferred stocks, bonds, convertible preferred stocks and convertible debentures if, in the judgment of management, the investment would further its investment objective. The portfolio may also engage in certain options transactions and enter into financial futures contracts and related options for hedging purposes. Each security held will be monitored to determine whether it is contributing to the basic objective of long-term appreciation of capital.

**T. Rowe Price Asset Allocation Portfolio:** The investment objective of the portfolio is to seek a high level of total return by investing primarily in a diversified group of fixed income and equity securities. The portfolio is designed to balance the potential appreciation of common stocks with the income and principal stability of bonds over the long term. Under normal market conditions over the long-term, the portfolio expects to allocate its assets (other than cash reserves) so that approximately 40% of such assets will be in fixed income securities and approximately 60% in equity securities.

The portfolio's fixed income securities will be allocated among investment grade, high yield and non-dollar debt securities. The weighted average maturity for this portion of the portfolio is generally expected to be between four and nine years, although it may vary significantly. High-yielding, income-producing debt securities (commonly referred to as "junk bonds") and preferred stocks including convertible securities may be purchased without regard to maturity, however, the average maturity of the bonds is expected to be approximately 10 years, although it may vary if market conditions warrant. Quality will generally range from lower-medium to low and the portfolio may also purchase bonds in default if, in the opinion of the Sub-advisor, there is significant potential for capital appreciation.

The portfolio's equity securities will be allocated among large and small-cap U.S. and non-dollar equity securities. Large-cap will be stocks in the S&P 500 and stocks of well-established companies which can produce increasing dividend income. Small-cap will be common stocks of small companies or companies which offer the possibility of accelerated earnings growth because of rejuvenated management, new products or structural changes in the economy. Current income is not a factor in the selection of these stocks.

The portfolio will generally trade in securities (either common stocks or bonds) for short-term profits, but, when circumstances warrant, securities may be purchased and sold without regard to the length of time held.

**T. Rowe Price International Equity Portfolio:** The investment objective of the portfolio is to seek total return on its assets through investments in common stocks of established, non-U.S. companies. Investments may be made solely for capital appreciation or solely for income or any combination of both for the purpose of achieving a higher overall return. Total return consists of capital appreciation or depreciation, dividend income, and currency gains or losses. The portfolio intends to diversify investments broadly among countries and to normally have at least three different countries represented in the portfolio. The portfolio may invest in countries of the Far East and Western Europe as well as South Africa, Australia, Canada and other areas (including developing countries). Under unusual circumstances, the portfolio may invest substantially all of its assets in one or two countries.

**Founders Capital Appreciation Portfolio:** The investment objective of Founders Capital Appreciation Portfolio is capital appreciation. The portfolio will normally invest at least 65% of its total assets in common stocks of U.S. companies with market capitalizations of $1.5 billion or less. These stocks normally will be traded in the over-the-counter market. Since it may engage in short-term trading, the portfolio normally will have annual portfolio turnover rates in excess of 100%.

**INVESCO Equity Income Portfolio:** The investment objective of the portfolio is to seek high current income while following sound investment practices. Capital growth potential is an additional, but secondary, consideration in the selection of portfolio securities. The portfolio seeks to achieve its objective by investing in securities which will provide a relatively high-yield and stable return and which, over a period of years, may also provide capital appreciation. The portfolio normally will invest between 60% and 75% of its assets in dividend-paying, marketable common stocks of domestic and foreign industrial issuers. The portfolio also will invest in convertible bonds, preferred stocks and debt securities. The portfolio may depart from the basic investment objective and assume a defensive position with a large portion of its assets temporarily invested in high quality corporate bonds, or notes and government issues, or held in cash. The portfolio's investments in common stocks may decline in value. To minimize the risk this presents, the portfolio only invests in dividend-paying common stocks of domestic and foreign industrial issuers which are marketable, and will not invest more than 5% of the portfolio's assets in the securities of any one company or more than 25% of the portfolio's assets in any one industry. The portfolio's investments in debt securities will generally be subject to both credit risk and market risk. There are no fixed-limitations regarding portfolio turnover. The rate of portfolio turnover may fluctuate as a result of constantly changing economic conditions and market circumstances. Securities initially satisfying the portfolio's basic objectives and policies may be disposed of when they are no longer suitable. As a result, it is anticipated that the portfolio's annual portfolio turnover rate may be in excess of 100%, and may be higher than that of other investment companies seeking current income with capital growth as a secondary consideration. Increased portfolio turnover would cause the portfolio to incur greater brokerage costs than would otherwise be the case.

**PIMCO Total Return Bond Portfolio:** The investment objective of the portfolio is to seek to maximize total return. A secondary objective is preservation of capital. The Sub-advisor will seek to employ prudent investment management techniques, especially in light of the broad range of investment instruments in which the portfolio may invest. The proportion of the portfolio's assets committed to investment in securities with particular characteristics (such as maturity, type and coupon rate) will vary based on the outlook for the U.S. and foreign economies, the financial markets and other factors. The portfolio will invest at least 65% of its assets in the following types of securities which may be issued by domestic or foreign entities and denominated in U.S. dollars or foreign currencies: securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities; corporate debt securities; corporate commercial paper; mortgage and other asset-backed securities; variable and floating rate debt securities; bank certificates of deposit; fixed time deposits and bankers' acceptances; repurchase agreements and reverse repurchase agreements; obligations of foreign governments or their subdivisions, agencies and instrumentalities, international agencies or supranational entities; and foreign currency exchange-related securities, including foreign currency warrants. The portfolio will invest in a diversified portfolio of fixed-income securities of varying maturities with a portfolio duration from three to six years. The portfolio may invest up to 20% of assets in corporate debt securities that are rated below investment grade (i.e., rated below Baa by Moody's or BBB by S&P or, if unrated, determined by the Sub-advisor to be of comparable quality). These securities are regarded as high risk and predominantly speculative with respect to the issuer's continuous ability to meet principal and interest payments (see underlying fund prospectus for details).

**JanCap Growth Portfolio:** The investment objective of the JanCap Growth Portfolio is growth of capital in a manner consistent with the preservation of capital. Realization of income is not a significant investment consideration and any income realized on investments, therefore, will be incidental to this objective. The objective will be pursued by emphasizing investments in common stocks. Common stock investments will be in industries and companies that the portfolio's sub-advisor believes are experiencing favorable demand for their products and services, and which operate in a favorable competitive and regulatory environment. Investments may be made to a lesser degree in preferred stocks, convertible securities, warrants, government securities, corporate bonds and debentures, high-grade commercial paper, certificates of deposit, or other securities of U.S. issuers, when the JanCap Growth Portfolio perceives an opportunity for capital growth from such securities or so that a return may be received on its idle cash. Securities of foreign issuers, including securities of foreign governments and Euromarket securities, also may be purchased. Although it is the general policy of the JanCap Growth Portfolio to purchase and hold securities for capital growth, changes will be made whenever the portfolio's sub-advisor believes they are advisable. Because investment changes usually will be made without reference to the length of time a security has been held, a significant number of short-term transactions may result.

Investments also may be made in "special situations" from time to time. A "special situation" arises when, in the opinion of the portfolio's sub-advisor, the securities of a particular company will be recognized and appreciate in value due to a specific development, such as a technological breakthrough, management change or a new product at that company. Subject to certain limitations, the JanCap Growth Portfolio may purchase and write options on securities (including index options) and options on foreign currencies, and may invest in futures contracts for the purchase or sale of instruments based on financial indices, including interest rates or an index of U.S. Government or foreign government securities or equity or fixed-income securities, futures contracts on foreign currencies and fixed income securities ("futures contracts"), options on futures contracts, forward contracts and swaps and swap-related products. These instruments will be used primarily for hedging purposes. Investment of up to 15% of the JanCap Growth Portfolio's total assets may be made in securities that are considered illiquid because of the absence of a readily available market or due to legal or contractual restrictions.

**Federated Utility Income Portfolio:** The investment objective of this portfolio is to achieve high current income and moderate capital appreciation by investing primarily in a professionally managed and diversified portfolio of equity and debt securities of utility companies. The portfolio intends to achieve its investment objective by investing in equity and debt securities of utility companies that produce, transmit or distribute gas and electric energy as well as those companies that provide communications facilities, such as telephone and telegraph companies. As a matter of investment policy that can be changed without shareholder vote, the portfolio will invest at least 65% of its total assets in securities of utility companies.



**Federated High Yield Portfolio:** The investment objective of the portfolio is to seek high current income by investing primarily in a diversified portfolio of fixed income securities. The portfolio will invest 65% of its assets in lower-rated fixed income bonds. The corporate debt obligations in which the portfolio invests are usually not in the three highest rating categories of a nationally recognized rating organization (AAA, AA, or A for Standard & Poor's and Aaa, Aa or A for Moody's) but are in the lower rating categories or are unrated but are of comparable quality and have speculative characteristics or are speculative. Lower-rated or unrated bonds are commonly referred to as "junk bonds". There is no minimal acceptable rating for a security to be purchased or held in the portfolio, and the portfolio may, from time to time, purchase or hold securities rated in the lowest rating category. Under normal circumstances, the portfolio will not invest more than 10% of the value of its total assets in equity securities. The fixed income securities in which the portfolio may invest include, but are not limited to: preferred stocks, bonds, debentures, notes, equipment lease certificates and equipment trust certificates. The portfolio will invest primarily in fixed rate corporate debt obligations.

**AST Phoenix Balanced Asset Portfolio:** This portfolio seeks as its investment objective reasonable income, long-term capital growth and conservation of capital. The portfolio intends to invest based on combined considerations of risk, income, capital enhancement and protection of capital value. The portfolio may invest in any type or class of security. Normally, the portfolio will invest in common stocks and fixed income securities; however, it may also invest in securities convertible into common stocks. At least 25% of the value of its assets will be invested in fixed income senior securities. The portfolio may also engage in certain options transactions and enter into financial futures contracts and related options for hedging purposes and may invest in deferred or zero coupon debt obligations. In implementing the investment objective of the portfolio, the sub-advisor will select securities believed to have potential for the production of current income, with emphasis on securities that also have potential for capital enhancement. In an effort to protect its assets against major market declines, or for other temporary defensive purposes, the portfolio may actively pursue a policy of retaining cash or investing part or all of its assets in cash equivalents, such as government securities and high grade commercial paper.

**AST Scudder International Bond Portfolio:** The portfolio seeks to provide income primarily by investing in a managed portfolio of high-grade debt securities denominated in foreign currencies ("international bonds"). As a secondary objective, the portfolio seeks protection and possible enhancement of principal value by actively managing currency, bond market and maturity exposure and by security selection.

The portfolio is intended for long-term investors who can accept the risks associated with investing in international bonds. Total return from investment in the portfolio will consist of income after expenses, bond price gains (or losses) in terms of the local currency and currency gains (or losses). For tax purposes, realized gains and losses on currency are regarded as ordinary income and loss and could, under certain circumstances, have an impact on distributions. The value of the portfolio will fluctuate in response to various economic factors, the most important of which are fluctuations in foreign currency exchange rates and interest rates.

The portfolio will normally invest at least 65% of its total assets in bonds denominated in foreign currencies. Because the portfolio's investments are primarily denominated in foreign currencies, exchange rates are likely to have a significant impact on total portfolio performance. For example, a fall in the U.S. dollar's value relative to the Japanese yen will increase the U.S. dollar value of a Japanese bond held in the portfolio, even though the price of that bond in yen terms remains unchanged. Conversely, if the U.S. dollar rises in value relative to the yen, the U.S. dollar value of a Japanese bond will fall. Investors should be aware that exchange rate movements can be significant and endure for long periods of time.

Because of the portfolio's long-term investment objective, investors should not rely on an investment in the portfolio for their short-term financial needs and should not view the portfolio as a vehicle for playing short-term swings in the international bond and foreign exchange markets. Shares of the portfolio alone should not be regarded as a complete investment program. Also, investors should be aware that investing in international bonds may involve a higher degree of risk than investing in U.S. bonds.

**Eagle Growth Equity Portfolio:** The investment objective of the portfolio is long-term capital appreciation primarily through investment in common stocks and other equity securities. This is a fundamental investment objective of the portfolio.

The portfolio will pursue its objective by investing primarily in common stocks of companies which, in the view of the Sub-advisor, have above-average prospects for substantial long-term capital appreciation. The portfolio may also invest in preferred stocks and securities convertible into common stock. The portfolio may purchase securities traded on recognized securities exchanges and in the over-the-counter market. The portfolio will normally invest at least 65% of its total assets in equity securities of companies which the Sub-advisor believes will achieve significant growth. Common stock and other equity investments will generally be in companies that the Sub-advisor believes are healthy, growing businesses with strong or dominant market share, free cash flow, and availability at a price below the Sub-advisor's perception of a company's value as a going concern. The portfolio may invest its remaining assets in U.S. Government securities, repurchase agreements or other short-term money market instruments. The portfolio may purchase and sell a security without regard to the length of time a security will be or has been held.

**Neuberger & Berman Advisers Management Trust**

**Growth Portfolio:** The investment objective of the Growth Portfolio is to seek capital growth through investments in common stocks of companies that the investment adviser of the portfolio believes will have above average earnings or otherwise provide investors with above average potential for capital appreciation. To maximize this potential, the investment adviser may also utilize, from time to time, securities convertible into such common stocks, warrants and options to purchase such stocks. To achieve its investment objective, the policy of the Growth Portfolio is to invest its assets as fully as practicable in such securities. However, the portfolio may also invest in short-term money-market instruments at such times and in such amounts as, in the investment adviser's opinion, seem appropriate for temporary or defensive purposes.

**Limited Maturity Bond Portfolio:** The Limited Maturity Bond Portfolio's primary investment objective is the highest current income consistent with low risk to principal and liquidity. As a secondary objective, the Limited Maturity Bond Portfolio also seeks to enhance its total return through capital appreciation when market factors, such as falling interest rates and rising bond prices, indicate that capital appreciation may be available without significant risk to principal.

The Limited Maturity Bond Portfolio will pursue its investment objectives primarily by investing in a diversified portfolio of limited maturity debt securities. These are short-to-intermediate term debt securities. The Limited Maturity Bond Portfolio's average portfolio maturity may range up to five years. The portfolio may also invest in other debt securities with special features - e.g., puts, variable or floating coupon rates, maturity extension arrangements and mortgage pass-throughs, etc. - producing price characteristics similar to those of short-to-intermediate-term debt securities.

**Balanced Portfolio:** The investment objective of the Balanced Portfolio is long-term capital growth and reasonable current income without undue risk to principal. The Balanced Portfolio will seek to achieve its objective through investment of a portion of its assets in common stocks and a portion of its assets in debt securities. The investment adviser anticipates that the Balanced Portfolio's investments will normally be managed so that approximately 60% of the portfolio's total assets will be invested in common stocks and the remaining assets will be invested in debt securities. However, depending on the investment adviser's views regarding current market trends, the common stock portion of the portfolio's investments may be adjusted downward to as low as 50% or upward to as high as 70%. At least 25% of the portfolio's assets will be invested in fixed income senior securities.

### The Alger American Fund

**Alger American Income and Growth Portfolio:** The primary investment objective of the Alger American Income and Growth Portfolio is to provide a high level of dividend income to the extent consistent with prudent investment management. Capital appreciation is a secondary objective of the portfolio. Except during temporary defensive periods, the portfolio attempts to invest 100 percent, and it is a fundamental policy of the portfolio to invest at least 65 percent, of its net assets in dividend paying equity securities, such as common and preferred stocks and limited partnership interests that are listed on a national securities exchange, or securities convertible into or exchangeable for dividend paying equity securities. The portfolio may invest up to 35 percent of its net assets in money market instruments and repurchase agreements and in excess of that amount during temporary defensive periods.

**Alger American Small Capitalization Portfolio:** The investment objective of the Alger American Small Capitalization Portfolio is long-term capital appreciation. Income is a consideration in the selection of investments but is not an investment objective of the portfolio. It seeks to achieve this objective by investing its assets in equity securities, such as common or preferred stocks and limited partnership interests that are listed on a national securities exchange, or securities convertible into or exchangeable for equity securities, including warrants and rights, selected by the investment manager on the basis of original research produced by its research analysts. Except during temporary defensive periods, the portfolio invests at least 85 percent of its net assets in equity securities and at least 65 percent of its net assets in equity securities of companies that, at the time of purchase, have "total market capitalization" - present market value per share multiplied by the total number of shares outstanding - of less than $1 billion. Investing in smaller, newer issuers generally involves greater risk than investing in larger, more established issuers.

**Alger American Growth Portfolio:** The investment objective of the Alger American Growth Portfolio is long-term capital appreciation. Income is a consideration in the selection of investments but is not an investment objective of the portfolio. It seeks to achieve its objective by investing in equity securities, such as common or preferred stocks and limited partnership interests that are listed on a national securities exchange, or securities convertible into or exchangeable for equity securities, including warrants and rights, selected by the investment manager on the basis of original research produced by its research analysts. Except during temporary defensive periods, the portfolio may invest at least 85 percent of its net assets in equity securities and at least 65 percent of its net assets in equity securities of companies that, at the time of purchase, have total market capitalization of $1 billion or greater.

**Alger American Balanced Portfolio:** The investment objective of the Alger American Balanced Portfolio is current income and long-term capital appreciation. The portfolio intends to invest based on combined considerations of risk, income, capital appreciation and protection of capital value. Normally, it will invest in common stocks and investment grade fixed income securities (preferred stock and debt securities), as well as securities convertible into common stocks. It is anticipated that, except during temporary defensive periods, the portfolio will maintain at least 25% of its net assets in fixed income senior securities. It is anticipated that ordinarily the portfolio's emphasis on current income and capital appreciation will be relatively equal, although from time to time the portfolio may vary its emphasis between these two elements as market or economic conditions change.

**Alger American MidCap Growth Portfolio:** The investment objective of the Alger American MidCap Growth Portfolio is long-term capital appreciation. Income is a consideration in the selection of investments but is not an investment objective of the portfolio. It seeks to achieve its objective by investing in equity securities, such as common or preferred stocks and limited partnership interests that are listed on a national securities exchange, or securities convertible into or exchangeable for equity securities, including warrants and rights, selected by the investment manager on the basis of original research produced by its research analysts. Except during temporary defensive periods, the portfolio may invest at least 85 percent of its net assets in equity securities and at least 65 percent of its net assets in equity securities of companies that, at the time of purchase, of the securities, have total market capitalization between $750 million and $3.5 billion.

**Alliance Variable Products Series Fund, Inc.**

**AVP Short-Term Multi-Market Portfolio:** The investment objective of the Short-Term-Multi-Market Portfolio is to seek the highest level of current income, consistent with what the Fund's advisor considers to be prudent investment risk, that is available from a portfolio of high-quality debt securities having remaining maturities of not more than three years. The portfolio seeks high current yields by investing in a portfolio of debt securities denominated in the U.S. Dollar and a range of foreign currencies. Accordingly, the portfolio will seek investment opportunities in foreign, as well as domestic, securities markets. While the portfolio normally will maintain a substantial portion of its assets in debt securities denominated in foreign currencies, the portfolio will invest at least 25% of its net assets in U.S. Dollar denominated securities. The portfolio is designed for the investor who seeks a higher yield than a money market fund or certificate of deposit and less fluctuation in net asset value than a longer-term bond fund.

**AVP Growth and Income Portfolio:** The Growth and Income Portfolio's investment objective is to seek reasonable current income and reasonable opportunity for appreciation through investments primarily in dividend-paying common stocks of good quality. Whenever the economic outlook is unfavorable for investment in common stock, investments in other types of securities, such as bonds, convertible bonds, preferred stock and convertible preferred stocks may be made by the portfolio. Purchases and sales of portfolio securities are made at such times and in such amounts as are deemed advisable in light of market, economic and other conditions.

**AVP Growth Portfolio:** The investment objective of the Growth Portfolio is growth of capital by pursuing aggressive investment policies. Since investments will be made based upon their potential for capital appreciation, current income will be incidental to the objective of capital growth. Because of the market risks inherent in any investment, the selection of securities on the basis of their appreciation possibilities cannot ensure against possible loss in value, and there is, of course, no assurance that the portfolio's investment objective will be met. Moreover, to the extent the portfolio seeks to achieve its objective through the more aggressive investment policies described below, risk of loss increases. The Growth Portfolio is therefore not intended for investors whose principal objective is assured income and conservation of capital.

Within this basic framework, the policy of the Growth Portfolio is to invest in any companies and industries and in any types of securities which are believed to offer possibilities for capital appreciation. Investments may be made in well-known and established companies as well as in new and unseasoned companies. Critical factors considered in the selection of securities include the economic and political outlook, the values of individual securities relative to other investment alternatives, trends in the determinants of corporate profits, and management capability and practices.

It is the policy of the Growth Portfolio to invest principally in listed and unlisted equity securities (common stocks, securities convertible into common stocks or rights or warrants to subscribe for or purchase common stocks); however, it may also invest to a limited degree in listed and unlisted non-convertible bonds and preferred stocks when such investments are warranted to achieve the portfolio's investment objective.

**Scudder Variable Life Investment Fund**

**Bond Portfolio:** The Bond portfolio pursues a policy of investing for a high level of income consistent with a high quality portfolio of debt securities. Under normal circumstances, the portfolio invests at least 65% of its assets in bonds, including those of the U.S. Government and its agencies and those of corporations and other notes and bonds paying high current income. The portfolio may also invest in preferred stocks consistent with the portfolio's objectives It will attempt to moderate the effect of market price fluctuations relative to that of a long-term bond by investing in securities with varying maturities and by entering into futures contracts on debt securities and related options for hedging purposes.

This prospectus contains a short description of the contents of the Statement of Additional Information. You have the right to receive from us such Statement of Additional Information. To do so, please complete the following, detach it and forward it to us at:

**American Skandia Life Assurance Corporation**
**Attention: Dealer Marketing**
**P.O. Box 883**
**Shelton, Connecticut 06484**



**PLEASE SEND ME A STATEMENT OF ADDITIONAL INFORMATION THAT CONTAINS FURTHER DETAILS ABOUT THE ANNUITY DESCRIBED IN PROSPECTUS PSA-PROS (05/94)**

______________________________________________

(print your name)

______________________________________________

(address)

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(city/state/zip code)

**ADDITIONAL INFORMATION**

Inquiries will be answered by calling your representative or by writing to:

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P.O. Box 883
Shelton, Connecticut 06484

or by calling:

1-800-752-6342

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