

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"

Note: The portfolio prospectus(es) for this product can be found in the subaccount section of the prospectus page.



STRATEGIC PARTNERSSM

ANNUITY ONE

Variable Annuity

PROSPECTUS: MAY 1, 2003

This prospectus describes an individual variable annuity contract offered by Pruco Life Insurance Company of New Jersey (Pruco Life of New Jersey). Pruco Life of New Jersey is an indirect wholly-owned subsidiary of The Prudential Insurance Company of America.

The Funds

Strategic Partners Annuity One offers a wide variety of investment choices, including 27 variable investment options that invest in mutual funds managed by these leading asset managers:

Prudential Investments LLC

Jennison Associates LLC

A I M Capital Management, Inc.

Alliance Capital Management, L.P.

Calamos Asset Management, Inc.

Davis Advisors

Deutsche Asset Management Investment Services Limited

Fidelity Management & Research Company

GE Asset Management, Incorporated

INVESCO Funds Group, Inc.

Janus Capital Management LLC

Massachusetts Financial Services Company (MFS)

Pacific Investment Management Company LLC (PIMCO)

Salomon Brothers Asset Management Inc.

You may choose between two basic versions of Strategic Partners Annuity One. One version, the Contract With Credit, provides for a bonus credit that we add to each purchase payment you make. If you choose this version of Strategic Partners Annuity One, some charges and expenses may be higher than if you choose the version without the credit. Those higher charges could exceed the amount of the credit under some circumstances, particularly if you withdraw purchase payments within a few years of making those purchase payments.

Please Read this Prospectus

Please read this prospectus before purchasing a Strategic Partners Annuity One variable annuity contract, and keep it for future reference. Current prospec-

tuses for the underlying mutual funds accompany this prospectus. These prospectuses contain important information about the mutual funds. Please read these prospectuses and keep them for reference as well. The Risk Factors section relating to the market value adjustment option appears on p. 12 of this prospectus.

To Learn More About Strategic Partners Annuity One

To learn more about the Strategic Partners Annuity One variable annuity, you can request a copy of the Statement of Additional Information (SAI) dated May 1, 2003. The SAI has been filed with the Securities and Exchange Commission (SEC) and is legally a part of this prospectus. Pruco Life of New Jersey also files other reports with the SEC. All of these filings can be reviewed and copied at the SEC's offices, and can also be obtained from the SEC's Public Reference Section, 450 5th Street N.W., Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 942-8090. The SEC maintains a Web site (<http://www.sec.gov>) that contains the Strategic Partners Annuity One SAI, material incorporated by reference, and other information regarding registrants that file electronically with the SEC. The Table of Contents of the SAI is on Page 48 of this prospectus.

For a Free Copy of the SAI call us at:

- (888) PRU-2888 or write to us at:
- Prudential Annuity Service Center
P.O. Box 7960
Philadelphia, PA 19101

The SEC has not determined that this contract is a good investment, nor has the SEC determined that this prospectus is complete or accurate. It is a criminal offense to state otherwise. Investment in a variable annuity contract is subject to risk, including the possible loss of your money. An investment in Strategic Partners Annuity One is not a bank deposit and is not insured by the Federal Deposit Insurance Corporation or any other government agency.

Strategic PartnersSM is a service mark of The Prudential Insurance Company of America.

ORD01142NY

Contents

PART I: STRATEGIC PARTNERS ANNUITY ONE PROSPECTUS **SUMMARY**

Glossary	6
Summary	9
Risk Factors	12
Summary of Contract Expenses	13
Expense Examples	15

PART II: STRATEGIC PARTNERS ANNUITY ONE PROSPECTUS **SECTIONS 1–9**

Section 1: What is the Strategic Partners Annuity One Variable Annuity?	21
Short Term Cancellation Right or “Free Look”	22
Section 2: What Investment Options Can I Choose?	23
Variable Investment Options	23
Fixed Interest Rate Options	24
Market Value Adjustment Option	25
Transfers Among Options	27
Market Timing	27
Other Available Features	27
Voting Rights	28
Substitution	29
Section 3: What Kind of Payments Will I Receive During the Income Phase? (Annuitization)	30
Option 1: Annuity Payments for a Fixed Period	30
Option 2: Life Income Annuity Option	30
Other Annuity Options	30
Tax Considerations	30
Section 4: What is the Death Benefit?	31
Beneficiary	31
Calculation of the Death Benefit	31
Guaranteed Minimum Death Benefit	31
Special Rules If Joint Owners	32
Payout Options	32
Spousal Continuation Benefit	33
Section 5: How Can I Purchase a Strategic Partners Annuity One Contract?	34
Purchase Payments	34
Allocation of Purchase Payments	34
Credits	34
Calculating Contract Value	35
Section 6: What are the Expenses Associated with the Strategic Partners Annuity One Contract?	36
Insurance and Administrative Cost	36
Contract Maintenance Charge	36
Withdrawal Charge	36
Taxes Attributable to Premium	38
Transfer Fee	38
Company Taxes	38
Underlying Mutual Fund Fees	38

Section 7: How Can I Access My Money?	39
Withdrawals During the Accumulation Phase	39
Automated Withdrawals.....	39
Suspension of Payments or Transfers	39
Section 8: What are the Tax Considerations Associated with the Strategic Partners Annuity One Contract?	41
Contracts Owned by Individuals (Not Associated with Tax-Favored Retirement Plans)	41
Contracts Held by Tax-Favored Plans	43
Section 9: Other Information	47
Pruco Life Insurance Company of New Jersey	47
The Separate Account	47
Sale and Distribution of the Contract	47
Litigation.....	48
Assignment	48
Financial Statements	48
Statement of Additional Information	48
Householding.....	49
Market Value Adjustment Formula	50
IRA Disclosure Statement	52
Appendix	56
Accumulation Unit Values	56

PART III: PROSPECTUSES
VARIABLE INVESTMENT OPTIONS

The Prudential Series Fund, Inc.

Contract described herein is no longer available for sale.

This page intentionally left blank

Part I Summary

Strategic Partners Annuity One Prospectus

Contract described herein is no longer available for sale.

Glossary

We have tried to make this prospectus as easy to read and understand as possible. By the nature of the contract, however, certain technical words or terms are unavoidable. We have identified the following as some of these words or terms.

ACCUMULATION PHASE

The period that begins with the contract date (which we define below) and ends when you start receiving income payments, or earlier if the contract is terminated through a full withdrawal or payment of a death benefit.

ADJUSTED CONTRACT VALUE

When you begin receiving income payments, the value of your contract minus any charge we impose for any type of tax based on the amount of purchase payments.

ANNUITANT

The person whose life determines the amount of income payments that we will pay. If the annuitant dies before the annuity date, the co-annuitant (if any) becomes the annuitant if the contract's requirements for changing the annuity date are met. If, upon the death of the annuitant, there is no surviving co-annuitant, and the owner is not the annuitant, then the owner becomes the annuitant.

ANNUITY DATE

The date when income payments are scheduled to begin.

BENEFICIARY

The person(s) or entity you have chosen to receive a death benefit.

CONTRACT DATE

The date on which we credit your initial purchase payment. We will credit the initial purchase payment to your contract within two business days from the day on which we receive your payment and all necessary paperwork in good order at the Prudential Annuity Service Center. Contract anniversaries are measured from the contract date. A contract year starts on the contract date or on a contract anniversary.

CONTRACT OWNER, OWNER, OR YOU

The person entitled to the ownership rights under the contract.

CONTRACT VALUE

This is the total value of your contract, equal to the sum of the values of your investment in each investment option you have chosen. Your contract value will go up or down based on the performance of the investment options you choose.

CONTRACT WITH CREDIT

A version of the annuity contract that provides for a bonus credit with each purchase payment that you make and has higher withdrawal charges and insurance and administrative costs than the Contract Without Credit.

CONTRACT WITHOUT CREDIT

A version of the annuity contract that does not provide a credit and has lower withdrawal charges and insurance and administrative costs than the Contract With Credit.

CREDIT

If you choose the Contract With Credit, this is the bonus amount that we allocate to your account each time you make a purchase payment. The amount of the credit is a percentage of the purchase payment. Bonus credits generally are not recaptured once the free look period expires. Our reference in the preceding sentence to "generally are not recaptured" refers to the fact that we have the contractual right to deduct, from the death benefit we pay, the amount of any credit corresponding to a purchase payment made within one year of death.

DEATH BENEFIT

If the sole owner dies, or if jointly owned, the first to die of the owner or joint owner, the beneficiary you designate will receive, at a minimum, the total amount invested, reduced by withdrawals or a potentially greater amount related to market appreciation. The guaranteed minimum death benefit is available for an additional charge.

DOLLAR COST AVERAGING FIXED RATE OPTION (DCA FIXED RATE OPTION)

An investment option that offers a fixed rate of interest for a selected period during which periodic transfers are automatically made to selected variable investment options or to the one-year fixed rate option. We guarantee your money will earn at least 3% while it is allocated to this option. Payments you allocate to the DCA Fixed Rate Option become part of Pruco Life of New Jersey's general assets until they are transferred.

FIXED INTEREST RATE OPTIONS

Investment options that offer a fixed rate of interest for either a one-year period (fixed rate option) or a selected period during which periodic transfers are made to selected variable investment options or to the one-year fixed rate option (dollar cost averaging fixed rate option).

GMDB PROTECTED VALUE

The guaranteed amount of the guaranteed minimum death benefit, which may equal the GMDB step-up value. The protected value will be subject to certain age restrictions and time durations, however it will still increase by subsequent invested purchase payments and reduce by withdrawals.

GMDB STEP-UP

We may use the GMDB step-up value to compute the GMDB protected value of the guaranteed minimum death benefit.

If the sole owner or the older of the owner and joint owner is less than age 80 on the contract date, the GMDB step-up before the first contract anniversary is the initial invested purchase payment increased by subsequent invested purchase payments and reduced by the effect of withdrawals. The GMDB step-up on each contract anniversary will be the greater of the previous GMDB step-up and the contract value as of such contract anniversary. Between contract anniversaries, the GMDB step-up will be increased by invested purchase payments and reduced by the effect of withdrawals.

If the sole owner or the older of the owner and joint owner is between age 80 and 85 on the contract date, the GMDB step-up before the third contract anniversary is the sum of invested purchase payments, reduced by the effect

of withdrawals. On the third contract anniversary the GMDB step-up will be adjusted to the greater of the then current GMDB step-up or the contract value as of that contract anniversary.

GOOD ORDER

An instruction received at the Prudential Annuity Service Center, utilizing such forms, signatures and dating as we require, which is sufficiently clear that we do not need to exercise any discretion to follow such instructions.

GUARANTEED MINIMUM DEATH BENEFIT (GMDB)

An optional feature available for an additional charge, which guarantees that the death benefit that the beneficiary receives will be no less than a certain GMDB protected value.

GUARANTEE PERIOD

A period of time during which your invested purchase payment in the market value adjustment option earns interest at the declared rate. We will make available one or more of the following guarantee periods equal to any or all of the following: 1 year (currently available only as a renewal option), 2 years, 3 years, 4 years, 5 years, 6 years, 7 years, 8 years, 9 years, and 10 years.

INCOME OPTIONS

Options under the contract that define the frequency and duration of income payments. In your contract, we also refer to these as payout or annuity options.

INCOME PHASE

The period in which you receive income payments under the contract.

INVESTED PURCHASE PAYMENTS

Your purchase payments less any deduction we make for any tax charge.

JOINT OWNER

The person named as the joint owner, who shares ownership rights with the owner as defined in the contract.

Glossary *continued*

MARKET VALUE ADJUSTMENT

An adjustment to your contract value or withdrawal proceeds that is based on the relationship between interest you are currently earning within the market value adjustment option and prevailing interest rates. This adjustment may be positive or negative.

MARKET VALUE ADJUSTMENT OPTION

Under the Contract Without Credit, an investment option that offers guarantee periods and pays a fixed rate of interest with respect to each guarantee period. We impose a market value adjustment on withdrawals or transfers that you make from this option prior to the end of a guarantee period.

NET PURCHASE PAYMENTS

Your total purchase payments less any withdrawals you have made.

PRUDENTIAL ANNUITY SERVICE CENTER

For general correspondence: P.O. Box 7960, Philadelphia, PA 19101. For express overnight mail: 2101 Welsh Road, Dresher, PA 19025. The telephone number is 888-PRU-2888. Prudential's Web site is www.prudential.com.

PURCHASE PAYMENTS

The amount of money you pay us to purchase the contract. With some restrictions, you can make additional purchase payments at any time during the accumulation phase.

SEPARATE ACCOUNT

We hold your purchase payments allocated to the variable investment options in a separate account called the Pruco

Life of New Jersey Flexible Premium Variable Annuity Account. The separate account is set apart from all of the general assets of Pruco Life of New Jersey.

STATEMENT OF ADDITIONAL INFORMATION

A document containing certain additional information about the Strategic Partners Annuity One variable annuity. We have filed the Statement of Additional Information with the Securities and Exchange Commission and it is legally a part of this prospectus. To learn how to obtain a copy of the Statement of Additional Information, see the front cover of this prospectus.

TAX DEFERRAL

This is a way to increase your assets without currently being taxed. Generally, you do not pay taxes on your contract earnings until you take money out of your contract. You should be aware that tax favored plans (such as IRAs) already provide tax deferral regardless of whether they invest in annuity contracts. See "What Are the Tax Considerations Associated with the Strategic Partners Annuity One Contract," on page 41.

VARIABLE INVESTMENT OPTION

When you choose a variable investment option, we purchase shares of the underlying mutual fund that are held as an investment for that option. We hold these shares in the separate account. The division of the separate account of Pruco Life of New Jersey that invests in a particular mutual fund is referred to in your contract as a subaccount.

Summary for Sections 1–9

For a more complete discussion of the following topics, see the corresponding section in Part II of the prospectus.

SECTION 1

What Is The Strategic Partners Annuity One Variable Annuity?

The Strategic Partners Annuity One variable annuity is a contract between you, the owner, and us, the insurance company, Pruco Life Insurance Company of New Jersey (Pruco Life of New Jersey, we or us). The contract allows you to invest on a tax-deferred basis in one or more of 27 variable investment options, two fixed interest rate options and the market value adjustment option. The contract is intended for retirement savings or other long-term investment purposes and provides for a death benefit.

There are two basic versions of the Strategic Partners Annuity One variable annuity.

Contract With Credit.

- provides for a bonus credit that we add to each purchase payment that you make,
- has higher withdrawal charges and insurance and administrative costs than the Contract Without Credit,
- may provide lower interest rates for fixed rate options than the Contract Without Credit,
- does not provide the market value adjustment option,

Contract Without Credit.

- does not provide a credit,
- has lower withdrawal charges and insurance and administrative costs than the Contract With Credit.
- may provide higher interest rates for fixed rate options than the Contract With Credit.
- provides the market value adjustment option.

The variable investment options available under the contract offer the opportunity for a favorable return. However, this is NOT guaranteed. It is possible, due to market changes, that your investments may decrease in value.

The fixed interest rate options offer a guaranteed interest rate. While your money is allocated to one of these options, your principal amount will not decrease and we guarantee that your money will earn at least a minimum interest rate annually. Under the market value adjustment option, while your money remains in the contract for the full guarantee period, your principal amount is guaranteed and the interest amount that your money will earn is guaranteed by us to always be at least 3%.

Payments allocated to the fixed interest rate options become part of Pruco Life of New Jersey's general assets. Payments allocated to the market value adjustment option are held as a separate pool of assets, but the income, gains or losses experienced by these assets are not directly credited or charged against the contracts. As a result, the strength of our guarantees under these options is based on the overall financial strength of Pruco Life of New Jersey.

You can invest your money in any or all of the variable investment options, the fixed interest rate options, and one or more guaranteed periods available under the market value adjustment option. The market value adjustment option is only available in the Contract Without Credit. You may make up to 12 free transfers each contract year among the variable investment options. Certain restrictions apply to transfers involving the fixed interest rate options.

The contract, like all deferred annuity contracts, has two phases: the accumulation phase and the income phase.

- During the accumulation phase, any earnings grow on a tax-deferred basis and are generally only taxed as income when you make a withdrawal.
- The income phase starts when you begin receiving regular payments from your contract.

The amount of money you are able to accumulate in your contract during the accumulation phase will help determine the amount you will receive during the income phase. Other factors will affect the amount of your payments, such as age, gender, and the payout option you select.

Summary for Sections 1–9 *continued*

The contract offers a choice of annuity payout and death benefit options, which may also be available to you.

If you change your mind about owning Strategic Partners Annuity One, you may cancel your contract within 10 days after receiving it (or whatever period is required by applicable law). We call this the “Free Look” period.

SECTION 2

What Investment Options Can I Choose?

You can invest your money in any or all of the following variable investment options:

The Prudential Series Fund, Inc.

Jennison Portfolio (domestic equity)
 Prudential Equity Portfolio
 Prudential Global Portfolio
 Prudential Money Market Portfolio
 Prudential Stock Index Portfolio
 Prudential Value Portfolio (domestic equity)
 SP Aggressive Growth Asset Allocation Portfolio
 SP AIM Aggressive Growth Portfolio
 SP AIM Core Equity Portfolio
 SP Alliance Large Cap Growth Portfolio
 SP Alliance Technology Portfolio
 SP Balanced Asset Allocation Portfolio
 SP Conservative Asset Allocation Portfolio
 SP Davis Value Portfolio
 SP Deutsche International Equity Portfolio
 SP Growth Asset Allocation Portfolio
 SP INVESCO Small Company Growth Portfolio
 SP Jennison International Growth Portfolio
 SP Large Cap Value Portfolio
 SP MFS Capital Opportunities Portfolio
 (domestic and foreign equity)
 SP Mid Cap Growth Portfolio (formerly SP MFS
 Mid-Cap Growth Portfolio)
 SP PIMCO High Yield Portfolio
 SP PIMCO Total Return Portfolio
 SP Prudential U.S. Emerging Growth Portfolio
 SP Small/Mid Cap Value Portfolio
 SP Strategic Partners Focused Growth Portfolio

Janus Aspen Series

Growth Portfolio — Service Shares

Depending upon market conditions, you may earn or lose money in any of these options. The value of your contract will fluctuate depending upon the performance of the underlying mutual fund portfolios used by the variable investment options that you choose. Performance information for the variable investment options appears in the Statement of Additional Information (SAI). Past performance is not a guarantee of future results.

Two guaranteed fixed interest rate options are also available:

- The one-year fixed interest rate option offers a base interest rate that is guaranteed by us for one year, and will always be at least 3% per year. We may also offer a higher interest rate on each purchase payment allocated to this option for the first year after the payment.
- The dollar cost averaging fixed rate option offers an interest rate that is guaranteed by us for a selected period during which we make periodic transfers from this option to the variable investment options you select or to the one-year fixed interest rate option. We guarantee that the interest rate for the dollar cost averaging fixed rate option will always be at least 3% per year.

You may also invest your money in a market value adjustment option if you purchase a Contract Without Credit. You can allocate purchase payments or transfer contract value to one or more guarantee periods available under the market value adjustment option. Available guarantee periods will include one or more of the following periods: 1 year (currently available only as a renewal option), 2 years, 3 years, 4 years, 5 years, 6 years, 7 years, 8 years, 9 years and 10 years in length. Allocations or transfers must be at least \$1,000.

SECTION 3

What Kind Of Payments Will I Receive During The Income Phase? (Annuitization)

If you want to receive regular income from your annuity, you can choose one of several options, including guaranteed payments for the annuitant’s lifetime.

Generally, once you begin receiving regular payments, you cannot change your payment plan.

SECTION 4

What Is The Death Benefit?

In general, if the sole owner or first to die of the owner or joint owner dies before the income phase of the contract begins, the person(s) or entity that you have chosen as your beneficiary will receive, at a minimum, the greater of (i) the contract value, (ii) either the base death benefit or, for a higher insurance and administrative cost, a potentially larger guaranteed minimum death benefit. The base death benefit equals the total invested purchase payments proportionally reduced by withdrawals. The guaranteed minimum death benefit is equal to the "GMDB protected value." On the date we receive due proof of death, in lieu of paying a death benefit, we will allow the surviving spouse to continue the contract by exercising the Spousal Continuation Benefit, if in addition to certain other conditions,

- (1) there is only one owner of the contract and there is only one beneficiary who is the owner's spouse; or
- (2) there are an owner and joint owner of the contract, and the owner's spouse is both the joint owner and the beneficiary under the contract.

We describe this benefit on page 33.

SECTION 5

How Can I Purchase A Strategic Partners Annuity One Contract?

Under most circumstances, you can purchase this contract with a minimum initial purchase payment of \$10,000. Generally, you can make additional purchase payments of \$500 or more at any time during the accumulation phase of the contract. Your representative can help you fill out the proper forms. The Contract With Credit provides for the allocation of a credit with each purchase payment.

You may purchase this contract only if you are age 85 or younger. Certain age limits apply to certain features and benefits described herein.

SECTION 6

What Are The Expenses Associated With The Strategic Partners Annuity One Contract?

The contract has insurance features and investment features, both of which have related costs and charges.

- Each year (or upon full surrender) we deduct a contract maintenance charge of \$30 if your contract value is less than \$75,000 (or 2% of your contract value, if that amount is less than \$30). We do not impose the contract maintenance charge if your contract value is \$75,000 or more.
- For insurance and administrative costs, we also deduct a daily charge based on the average daily value of all assets allocated to the variable investment options, depending on the death benefit option that you choose. The daily cost is equivalent to an annual charge, as follows:
 - 1.40% if you do not choose the guaranteed minimum death benefit,
 - 1.65% if you choose the step-up guaranteed minimum death benefit option.

We impose an additional insurance and administrative cost of 0.10% annually for the Contract With Credit.

- There are also expenses associated with the mutual funds. For 2002, the fees of these funds ranged on an annual basis from 0.37% to 3.00% of fund assets, which are reduced by expense reimbursements or waivers to .37% to 1.30%. These reimbursements or waivers may be terminated at any time.
- If you withdraw money less than seven contract anniversaries after making a purchase payment, then you may have to pay a withdrawal charge on all or part of the withdrawal. This charge ranges from 1-7% for the Contract Without Credit and 5-8% for the Contract With Credit.

For more information, including details about other possible charges under the contract, see "Summary of Contract Expenses" on page 13 and "What Are The Expenses Associated With The Strategic Partners Annuity One Contract?" on page 36.

Summary for Sections 1–9 *continued*

SECTION 7

How Can I Access My Money?

You may withdraw money at any time during the accumulation phase. If you do so, however, you may be subject to income tax and, if you make a withdrawal prior to age 59½, an additional tax penalty as well. For the Contract Without Credit, if you withdraw money less than seven contract anniversaries after making a purchase payment, we may impose a withdrawal charge ranging from 1 – 7%. For the version of the Contract With Credit, we may impose a withdrawal charge ranging from 5-8%.

Under the market value adjustment option, you will be subject to a market value adjustment if you make a withdrawal or transfer from the option prior to the end of a guarantee period.

SECTION 8

What Are The Tax Considerations Associated With The Strategic Partners Annuity One Contract?

Your earnings are generally not taxed until you withdraw them. If you take money out during the accumulation phase, the tax laws first treat the withdrawal as a withdrawal of earnings, which are taxed as ordinary income. If you are younger than age 59½ when you take money out, you may be charged a 10% federal tax penalty on the earnings in addition to ordinary taxation. A portion of the payments you receive during the income phase is considered a return of your original investment and therefore will not be taxable as income. Generally, all amounts withdrawn from an Individual Retirement Annuity (IRA) contract (excluding Roth IRAs) prior to age 59½ are taxable and subject to the 10% penalty.

SECTION 9

Other Information

This contract is issued by Pruco Life of New Jersey, an indirect subsidiary of the Prudential Insurance Company of America, and sold by registered representatives of affiliated and unaffiliated broker/dealers.

RISK FACTORS

There are various risks associated with an investment in the market value adjustment option that we summarize below.

Issuer Risk. Your market value adjustment option is issued by Pruco Life of New Jersey, and thus is backed by the financial strength of that company. If Pruco Life of New Jersey were to experience significant financial adversity, it is possible that Pruco Life of New Jersey's ability to pay interest and principal under the market value adjustment option could be impaired.

Risks Related to Changing Interest Rates. You do not participate directly in the investment experience of the bonds and other instruments that Pruco Life of New Jersey holds to support the market value adjustment option. Nonetheless, the market value adjustment formula (which is detailed in the appendix to this prospectus) reflects the effect that prevailing interest rates have on those bonds and other instruments. If you need to withdraw your money during a period in which prevailing interest rates have risen above their level when you made your purchase, you will experience a "negative" market value adjustment. When we impose this market value adjustment, it could result in the loss of both the interest you have earned and a portion of your purchase payments. Thus, before you commit to a particular guarantee period, you should consider carefully whether you have the ability to remain invested throughout the guarantee period. In addition, we cannot, of course, assure you that the market value adjustment option will perform better than another investment that you might have made.

Risks Related to the Withdrawal Charge. We impose withdrawal charges under the variable annuities that offer the market value adjustment option as a companion option. If you anticipate needing to withdraw your money prior to the end of a guarantee period, you should be prepared to pay the withdrawal charge that we will impose.

Summary of Contract Expenses

The purpose of this summary is to help you to understand the costs and expenses you will pay for Strategic Partners Annuity One. The following tables describe the maximum fees and expenses that you will pay when buying, owning, and surrendering the contract. The first table describes the fees and expenses that you will pay at the time that you buy the contract, surrender the contract, or transfer cash value between investment options. State premium taxes may also be deducted.

For more detailed information, including additional information about *current* and maximum charges, see “What Are The Expenses Associated With The Strategic Partners Annuity One Contract?” on page 36. For more detailed expense information about the underlying mutual funds, please refer to the individual fund prospectuses, which you will find attached at the back of this prospectus. Historical unit values appear in the appendix to this prospectus.

CONTRACTOWNER TRANSACTION EXPENSES

Withdrawal Charge¹

Number of contract anniversaries since purchase payment	Contract With Credit	Contract Without Credit
0	8%	7%
1	8%	6%
2	8%	5%
3	8%	4%
4	7%	3%
5	6%	2%
6	5%	1%
7	0%	0%

Maximum Transfer Fee

Each transfer after 12 ²	\$25.00
-------------------------------------	---------

Note 1: Each contract year, you may withdraw a specified amount of your contract value without incurring a withdrawal charge. We will waive the withdrawal fee if we pay a death benefit or under certain other circumstances. See “Withdrawal Charge” on page 36.

Note 2: We will not charge you for transfers made in connection with Dollar Cost Averaging and Auto-Rebalancing and do not count them toward the limit of 12 free transfers per year.

Summary of Contract Expenses *continued*

The next table describes the fees and expenses that you will pay periodically during the time that you own the contract, not including underlying mutual fund fees and expenses.

Maximum Contract Maintenance Charge And Contract Charge Upon Full Withdrawal³	
	\$ 30
Insurance And Administrative Expenses	
AS A PERCENTAGE OF AVERAGE ACCOUNT VALUE ALLOCATED TO VARIABLE INVESTMENT OPTIONS	
Base Death Benefit:	1.40%
Guaranteed Minimum Death Benefit Option—Step-Up:	1.65%
Additional Charge for Contract With Credit ⁴	0.10%

Note 3: We currently assess a fee of \$30 against contracts valued less than \$75,000 (or 2% of contract value, if less).

Note 4: We impose this additional charge of 0.10% on the Contract With Credit, irrespective of which death benefit option you choose.

The next item shows the minimum and maximum total operating expenses charged by the underlying mutual funds that you may pay periodically during the time that you own the contract. More detail concerning each underlying mutual fund's fees and expenses is contained in the prospectus for each underlying mutual fund. The maximum and maximum total operating expenses depicted below are based on historical fund expenses for the year ended December 31, 2002. Fund expenses are not fixed or guaranteed by the Strategic Partners Annuity One contract, and may vary from year to year.

Total Annual Mutual Fund Operating Expenses (expenses that are deducted from underlying mutual fund assets, including management fees, distribution and/or service (12b-1) fees, and other expenses)

	<u>Minimum</u>	<u>Maximum</u>
Total Annual Underlying Mutual Fund Operating Expenses	0.37%	3.00%

* Actual expenses for the mutual funds are lower due to any expense reimbursements or waivers. Expense reimbursements or waivers are voluntary and may be terminated at any time. The minimum and maximum expenses, with expense reimbursements, are 0.37% and 1.30%, respectively.

Expense Examples

These Examples are intended to help you compare the cost of investing in the contract with the cost of investing in other variable annuity contracts. These costs include contract owner transaction expenses, contract fees, separate account annual expenses, and underlying mutual fund fees and expenses.

The Examples assume that you invest \$10,000 in the contract for the time periods indicated. The Examples also assume that your investment has a 5% return each year and assumes the maximum fees and expenses of any of the mutual funds, which do not reflect any expense reimbursements or waivers. Although your actual costs may be higher or lower, based on these assumptions, your costs would be as indicated in the tables that follow.

Example 1a: *Contract With Credit: Step-Up Guaranteed Minimum Death Benefit; and You Withdraw All Your Assets*

This example assumes that:

- You invest \$10,000 in the Contract With Credit;
- You choose the Step-Up Guaranteed Minimum Death Benefit;
- You allocate all of your assets to the variable investment option having the maximum total operating expenses;
- The investment has a 5% return each year;
- The mutual fund's total operating expenses remain the same each year; and
- You withdraw all your assets at the end of the indicated period.

Example 1b: *Contract With Credit: Step-Up Guaranteed Minimum Death Benefit; and You Do Not Withdraw Your Assets*

This example makes exactly the same assumptions as Example 1a except that it assumes that you do not withdraw any of your assets at the end of the indicated period.

Expense Examples *continued*

Example 2a: *Contract With Credit: Base Death Benefit; and You Withdraw All Your Assets*

This example assumes that:

- You invest \$10,000 in the Contract With Credit;
- You choose the Base Death Benefit;
- You allocate all of your assets to the variable investment option having the maximum total operating expenses;
- The investment has a 5% return each year;
- The mutual fund's total operating expenses remain the same each year; and
- You withdraw all your assets at the end of the indicated period.

Example 2b: *Contract With Credit: Base Death Benefit; and You Do Not Withdraw Your Assets*

This example makes exactly the same assumptions as Example 2a except that it assumes that you do not withdraw any of your assets at the end of the indicated period.

Example 3a: *Contract Without Credit: Step-Up Guaranteed Minimum Death Benefit; and You Withdraw All Your Assets*

This example assumes that:

This example makes exactly the same assumptions as Example 1a except that it assumes that you invest in the version of the Contract Without Credit.

Example 3b: *Contract Without Credit: Step-Up Guaranteed Minimum Death Benefit; and You Do Not Withdraw Your Assets*

This example makes exactly the same assumptions as Example 1b except that it assumes that you invest in the version of the Contract Without Credit.

Example 4a: *Contract Without Credit: Base Death Benefit; and You Withdraw All Your Assets*

This example makes exactly the same assumptions as Example 1a except that it assumes that you invest in the version of the Contract Without Credit.

Example 4b: *Contract Without Credit: Base Death Benefit; and You Do Not Withdraw Your Assets*

This example makes exactly the same assumptions as Example 2b except that it assumes that you invest in the version of the Contract Without Credit.

Notes for Expense Examples:

These examples do not show past or future expenses. Actual expenses may be higher or lower. These examples do not depict every possible combination of charges under the contracts.

The values shown in the 10 year column are the same for Example 1a and 1b, 2a and 2b, 3a and 3b, and 4a and 4b. This is because if 10 years have elapsed since your last purchase payment, we would no longer deduct withdrawal charges when you make a withdrawal. Examples 1a, 1b, 2a and 2b reflect the maximum withdrawal charges.

The examples use an average contract maintenance charge, which we calculated based on our estimate of the total contract fees we expect to collect. Based on these estimates, the contract maintenance charge is included as an annual charge of 0.035% of contract value.

Your actual fees will vary based on the amount of your contract and your specific allocation among the investment options.

CONTRACT WITH CREDIT: STEP-UP GUARANTEED MINIMUM DEATH BENEFIT OPTION

EXAMPLE 1a: IF YOU WITHDRAW YOUR ASSETS				EXAMPLE 1b: IF YOU DO NOT WITHDRAW YOUR ASSETS			
1 YR	3 YRS	5 YRS	10 YRS	1 YR	3 YRS	5 YRS	10 YRS
\$1,046	\$1,713	\$2,315	\$3,533	\$324	\$990	\$1,683	\$3,533

CONTRACT WITH CREDIT: BASE DEATH BENEFIT

EXAMPLE 2a: IF YOU WITHDRAW YOUR ASSETS				EXAMPLE 2b: IF YOU DO NOT WITHDRAW YOUR ASSETS			
1 YR	3 YRS	5 YRS	10 YRS	1 YR	3 YRS	5 YRS	10 YRS
\$1,021	\$1,636	\$2,188	\$3,288	\$298	\$914	\$1,556	\$3,288

CONTRACT WITHOUT CREDIT: STEP-UP GUARANTEED MINIMUM DEATH BENEFIT OPTION

EXAMPLE 3a: IF YOU WITHDRAW YOUR ASSETS				EXAMPLE 3b: IF YOU DO NOT WITHDRAW YOUR ASSETS			
1 YR	3 YRS	5 YRS	10 YRS	1 YR	3 YRS	5 YRS	10 YRS
\$932	\$1,373	\$1,840	\$3,304	\$302	\$923	\$1,570	\$3,304

CONTRACT WITHOUT CREDIT: BASE DEATH BENEFIT

EXAMPLE 4a: IF YOU WITHDRAW YOUR ASSETS				EXAMPLE 4b: IF YOU DO NOT WITHDRAW YOUR ASSETS			
1 YR	3 YRS	5 YRS	10 YRS	1 YR	3 YRS	5 YRS	10 YRS
\$907	\$1,299	\$1,717	\$3,066	\$277	\$849	\$1,447	\$3,066

Contract described herein is no longer available for sale.

This page intentionally left blank

Part II Sections 1–9

Strategic Partners Annuity One Prospectus

Contract described herein is no longer available for sale.

Contract described herein is no longer available for sale.

This page intentionally left blank

1:

What is the Strategic Partners Annuity One Variable Annuity?

The Strategic Partners Annuity One variable annuity is a contract between you, the owner, and us, Pruco Life Insurance Company of New Jersey (Pruco Life of New Jersey, We or Us).

Under our contract, in exchange for your payment to us, we promise to pay you a guaranteed income stream that can begin any time on or after the first contract anniversary. Your annuity is in the accumulation phase until you decide to begin receiving annuity payments. The date you begin receiving annuity payments is the annuity date. On the annuity date, your contract switches to the income phase.

This annuity contract benefits from tax deferral. Tax deferral means that you are not taxed on earnings or appreciation on the assets in your contract until you withdraw money from your contract. (If you hold the annuity contract in a tax-favored plan such as an IRA, that plan generally provides tax deferral even without investing in an annuity contract.)

There are two basic versions of Strategic Partners Annuity One variable annuity.

Contract With Credit.

- provides for a bonus credit that we add to each purchase payment that you make,
- has higher withdrawal charges and insurance and administrative costs than the Contract Without Credit,
- may provide a lower interest rate for fixed rate option than Contract With Credit,
- does not provide the market value adjustment option.

Contract Without Credit.

- does not provide a credit,
- has lower withdrawal charges and insurance and administrative costs than the Contract With Credit,

- may provide higher interest rates for fixed rate options than the Contract With Credit,
- provides the market value adjustment option.

Unless we state otherwise, when we use the word contract, it applies to both versions.

Because of the higher withdrawal charges, if you choose the Contract With Credit and you withdraw a purchase payment, depending upon the performance of the investment options you choose, you may be worse off than if you had chosen the Contract Without Credit. We do not recommend purchase of either version of Strategic Partners Annuity One if you anticipate having to withdraw a significant amount of your purchase payments within a few years of making those purchase payments.

Strategic Partners Annuity One is a variable annuity contract. This means that during the accumulation phase, you can allocate your assets among 27 variable investment options, two guaranteed fixed interest rate options and a market value adjustment option. The market value adjustment option is only available in the Contract Without Credit. If you select variable investment options, the amount of money you are able to accumulate in your contract during the accumulation phase depends upon the investment performance of the underlying mutual funds associated with those variable investment options. Because the mutual funds' portfolios fluctuate in value depending upon market conditions, your contract value can either increase or decrease. This is important, since the amount of the annuity payments you receive during the income phase depends upon the value of your contract at the time you begin receiving payments.

As mentioned above, two guaranteed fixed interest rate options are available:

- The one-year fixed interest rate option offers a base interest rate that is guaranteed by us for one year and will always be at least a minimum interest rate of 3%. We may also offer a higher interest rate on

1:

What is the Strategic Partners Annuity One Variable Annuity? *continued*

each purchase payment allocated to this option for the first year after the payment.

- The dollar cost averaging fixed rate option offers an interest rate that is guaranteed by us for a selected period during which periodic transfers are made to selected variable investment options and/or to the one-year fixed interest rate option. We guarantee your money will earn at least 3% while it is allocated to this option.

Additionally, if you purchase a Contract Without Credit you may allocate purchase payments or transfer contract value to the market value adjustment option. Under this option, we will offer one or more of the following guarantee periods: 1 year (currently available only as a renewal option), 2 years, 3 years, 4 years, 5 years, 6 years, 7 years, 8 years, 9 years, and 10 years in length. However, we will not allow purchase payments or transfers into a guarantee period unless that guarantee period offers 3% annual interest or greater.

As the owner of the contract, you have all of the decision-making rights under the contract. You will also be the annuitant unless you designate someone else. The annuitant is the person whose life is used to determine how much and how long the annuity payments will continue once the annuity phase begins. On or after the annuity date, the annuitant may not be changed.

The beneficiary is the person(s) or entity you designate to receive any death benefit. You may change the beneficiary any time prior to the annuity date by making a written request to us.

Short Term Cancellation Right or "Free Look"

If you change your mind about owning Strategic Partners Annuity One, you may cancel your contract within 10 days after receiving it (or whatever period is required by applicable law). You can request a refund by returning the contract either to the representative who sold it to you, or to the Prudential Annuity Service

Center at the address shown on the first page of this prospectus. You will receive:

- the amount equal to the portion of the purchase payments including any fees or other charges, allocated to any of the fixed interest rate options, and
- the sum of (i) the difference between purchase payments received, including any fees or other charges, and the amounts allocated to the variable investment options, and (ii) the contract value as of the date the contract is mailed or delivered to us or to the representative who sold it to you.

This amount will be reduced by any applicable federal and state income tax withholding and may be more or less than your original payment.

If you have purchased the Contract With Credit, we will deduct any credit we had added to your contract value. We will not, unless and until we obtain SEC approval, recoup for our own assets the full amount of the 6% bonus credit applicable to purchase payments of \$1 million or greater that we had given to you. Rather, we will recoup an amount equal to the value of the credit as of the business day on which we receive your request, less any charges attributable to that credit. We reserve the right to recapture the entire amount of the credit upon obtaining appropriate approval of the SEC with regard to that bonus credit.

2:

What Investment Options Can I Choose?

The contract gives you the choice of allocating your purchase payments to any one or more of 27 variable investment options, 2 fixed interest rate options, and a market value adjustment option.

The 27 variable investment options invest in underlying mutual funds managed by leading investment advisers. Separate prospectuses for these funds are attached to this prospectus. You should read a mutual fund's prospectus before you decide to allocate your assets to the variable investment option using that fund.

VARIABLE INVESTMENT OPTIONS

Listed below are the underlying mutual funds in which the variable investment options invest. Each variable investment option has a separate investment objective.

The Prudential Series Fund, Inc.

- Jennison Portfolio (domestic equity)
- Prudential Equity Portfolio
- Prudential Global Portfolio
- Prudential Money Market Portfolio
- Prudential Stock Index Portfolio
- Prudential Value Portfolio (domestic equity)
- SP Aggressive Growth Asset Allocation Portfolio
- SP AIM Aggressive Growth Portfolio
- SP AIM Core Equity Portfolio
- SP Alliance Large Cap Growth Portfolio
- SP Alliance Technology Portfolio
- SP Balanced Asset Allocation Portfolio
- SP Conservative Asset Allocation Portfolio
- SP Davis Value Portfolio
- SP Deutsche International Equity Portfolio
- SP Growth Asset Allocation Portfolio
- SP INVESCO Small Company Growth Portfolio
- SP Jennison International Growth Portfolio
- SP Large Cap Value Portfolio
- SP MFS Capital Opportunities Portfolio (domestic and foreign equity)
- SP Mid Cap Growth Portfolio (formerly SP MFS Mid-Cap Growth Portfolio)
- SP PIMCO High Yield Portfolio

- SP PIMCO Total Return Portfolio
- SP Prudential U.S. Emerging Growth Portfolio
- SP Small/Mid Cap Value Portfolio
- SP Strategic Partners Focused Growth Portfolio

The Jennison Portfolio, Prudential Equity Portfolio, Prudential Global Portfolio, Prudential Money Market Portfolio, Prudential Stock Index Portfolio and Prudential Value Portfolio, and each "SP" Portfolio of the Prudential Series Fund, are managed by an indirect wholly-owned subsidiary of Prudential Financial, Inc. called Prudential Investments LLC (PI). In addition, the portfolios listed below also have subadvisers, which are listed below and which have day-to-day responsibility for managing the portfolio, subject to the oversight of PI using a manager-of-managers approach. Under the manager-of-managers approach, PI has the ability to assign subadvisers to manage specific portions of a portfolio, and the portion managed by a subadviser may vary from 0% to 100% of the portfolio's assets. The subadvisers that managed some or all of a Prudential Series Fund portfolio as of December 31, 2002 are listed below.

Jennison Portfolio, Prudential Global Portfolio, SP Jennison International Growth Portfolio, SP Prudential U.S. Emerging Growth Portfolio and Prudential Value Portfolio: Jennison Associates LLC

Prudential Equity Portfolio: GE Asset Management, Incorporated, Jennison Associates LLC, and Salomon Brothers Asset Management Inc.

Prudential Money Market Portfolio and Prudential Stock Index Portfolio: Prudential Investment Management, Inc.

SP Strategic Partners Focused Growth Portfolio: Jennison Associates LLC and Alliance Capital Management, L.P.

SP AIM Aggressive Growth Portfolio and SP AIM Core Equity Portfolio: A I M Capital Management, Inc.

SP Alliance Large Cap Growth Portfolio and SP Alliance Technology Portfolio: Alliance Capital Management, L.P.

2:

What Investment Options Can I Choose? *continued*

- SP Davis Value Portfolio: Davis Advisors
- SP Deutsche International Equity Portfolio: Deutsche Asset Management Investment Services Limited, a wholly-owned subsidiary of Deutsche Bank AG
- SP INVESCO Small Company Growth Portfolio: INVESCO Funds Group, Inc.
- SP Large Cap Value Portfolio and SP Small/Mid Cap Value Portfolio: Fidelity Management and Research Company
- SP MFS Capital Opportunities Portfolio: Massachusetts Financial Services Company
- SP Mid Cap Growth Portfolio (formerly SP MFS Mid-Cap Growth Portfolio): Calamos Asset Management, Inc.
- SP PIMCO High Yield Portfolio and SP PIMCO Total Return Portfolio: Pacific Investment Management Company

Janus Aspen Series

- Growth Portfolio—Service Shares

Janus Capital Management LLC serves as investment adviser to the Growth Portfolio—Service Shares of Janus Aspen Series.

A fund or portfolio may have a similar name or an investment objective and investment policies resembling those of a mutual fund managed by the same investment adviser that is sold directly to the public. Despite such similarities, there can be no assurance that the investment performance of any such fund or portfolio will resemble that of the publicly available mutual fund.

An affiliate of each of the funds may compensate Pruco Life of New Jersey based upon an annual percentage of the average assets held in the fund by Pruco Life of New Jersey under the contracts. These percentages may vary by fund and/or portfolio, and reflect administrative and other services we provide.

FIXED INTEREST RATE OPTIONS

We offer two fixed interest rate options:

- a one-year fixed interest rate option, and
- a dollar cost averaging fixed rate option (“DCA Fixed Rate Option”).

When you select one of these options, your payment will earn interest at the established rate for the applicable interest rate period. A new interest rate period is established every time you allocate or transfer money into a fixed interest rate option. (You may not transfer amounts from other investment options into the DCA Fixed Rate Option.) You may have money allocated in more than one interest rate period at the same time. This could result in your money earning interest at different rates and each interest rate period maturing at a different time. While these interest rates may change from time to time, they will never be less than 3%. We may offer lower interest rates for Contracts With Credit than for Contracts Without Credit.

One-Year Fixed Interest Rate Option

We set a one-year base guaranteed annual interest rate for the one-year fixed interest rate option. Additionally, we may provide a higher interest rate on each purchase payment allocated to this option for the first year after the payment. This higher interest rate will not apply to amounts transferred from other investment options within the contract or amounts remaining in this option for more than one year.

Dollar Cost Averaging Fixed Rate Option

You may allocate all or part of any purchase payment to the DCA Fixed Rate Option. For this option, the interest rate is guaranteed for the applicable period of time for which transfers are made. Under this option, you automatically transfer amounts over a stated period (currently, six or twelve months) from the DCA Fixed Rate Option to the variable investment options and/or to the one-year fixed interest rate option, as you select. We will invest the assets you allocate to the DCA Fixed Rate Option in our general account until they are transferred. You may not transfer from other investment options to the DCA Fixed Rate Option.

If you choose to allocate all or part of a purchase payment to the DCA Fixed Rate Option, the minimum amount of the purchase payment you may allocate is \$2,000. The first periodic transfer will occur on the date you allocate your purchase payment to the DCA Fixed Rate Option. Subsequent transfers will occur on the monthly anniversary of the first transfer. Currently, you may choose to have the purchase payments allocated to the DCA Fixed Rate Option transferred to the other options in either six or twelve monthly installments, and you may not change that number of monthly installments after you have chosen the DCA Fixed Rate Option. You may allocate to both the six-month and twelve-month options. (In the future, we may make available other numbers of transfers and other transfer schedules—for example, quarterly as well as monthly.)

If you choose a six-payment transfer schedule, each transfer generally will equal 1/6th of the amount you allocated to the DCA Fixed Rate Option, and if you choose a twelve-payment transfer schedule, each transfer generally will equal 1/12th of the amount you allocated to the DCA Fixed Rate Option. In either case, the final transfer amount generally will also include the credited interest. You may change at any time the options into which the DCA Fixed Rate assets are transferred. You may make a one time transfer of the remaining value out of your DCA Fixed Rate Option, if you so choose. Transfers from the DCA Fixed Rate Option do not count toward the maximum number of free transfers allowed under the contract.

If you make a withdrawal or have a fee assessed from your contract, and all or part of that withdrawal or fee comes out of the DCA Fixed Rate Option, we will recalculate the periodic transfer amount to reflect the change. This recalculation may include some or all of the interest credited to the date of the next scheduled transfer. If a withdrawal or fee assessment reduces the monthly transfer amount below \$100, we will transfer the remaining balance in the DCA Fixed Rate Option on the next scheduled transfer date.

By investing amounts on a regular basis instead of investing the total amount at one time, the DCA Fixed

Rate Option may decrease the effect of market fluctuation on the investment of your purchase payment. Of course, dollar cost averaging cannot ensure a profit or protect against loss in a declining market.

MARKET VALUE ADJUSTMENT OPTION

Under the market value adjustment option, we will make available one or more of the following guarantee periods: 1 year (currently available only as a renewal option), 2 years, 3 years, 4 years, 5 years, 6 years, 7 years, 8 years, 9 years, or 10 years in length. This option is only available in the Contract Without Credit.

If amounts are withdrawn for a guarantee period, other than during the 30-day period immediately following the end of period of the guarantee period, they will be subject to a market value adjustment even if they are not subject to a withdrawal charge.

We declare the interest rate for each available guarantee period periodically, but we guarantee that we will declare no less than 3% interest with respect to any guarantee period. You will earn interest on your invested purchase payment at the rate that we have declared for the guarantee period you have chosen. You must invest at least \$1,000.

We refer to interest rates as annual rates, although we credit interest within each guarantee period on a daily basis. The daily interest that we credit is equal to the pro rated portion of the interest that would be earned on an annual basis. We credit interest from the business day on which your purchase payment is received in good order at the Prudential Annuity Service Center until the earliest to occur of any of the following events: (a) full surrender of the Contract, (b) commencement of annuity payments or settlement, (c) end of the guarantee period, (d) withdrawal or transfer the value of the guarantee period, or (e) death of the owner or first to die of the owner and joint owner (or annuitant, for entity-owned contracts) unless the contract is continued under the spousal continuance provision.

During the 30 day period immediately following the end of a guarantee period, we allow you to do any of

2:

What Investment Options Can I Choose? *continued*

the following, without the imposition of the market value adjustment:

- (a) withdrawal or transfer the value of the guarantee period,
- (b) allocate the value in the guarantee period to another guarantee period or other investment option (provided that the new guarantee period ends prior to the annuity date). You will receive the interest rate applicable on the date we receive your instruction, or
- (c) apply the value in the guarantee period to the annuity or settlement option of your choice.

If you do not instruct us what to do with the value in your maturing guarantee period, we will reinvest the contract value in the Prudential Money Market Portfolio investment option.

During the 30 day period immediately following the end of the guarantee period, or until you elect to do (a), (b) or (c) listed immediately above, you will receive the current interest rate applicable to the guarantee period having the same duration as the guarantee period that just matured, which is offered on the day immediately following the end of the matured guarantee period. However, if at that time we do not offer a guarantee period with the same duration as that which matured, you will then receive the current interest rate applicable to the shortest guarantee period then offered.

Under the market value adjustment option, while your money remains in the contract for the full guarantee period, your principal amount is guaranteed and the interest amount that your money will earn is guaranteed by us to always be at least 3%.

Payments allocated to the fixed interest rate options become part of Pruco Life of New Jersey's general assets. Payments allocated to the market value adjustment option are held as a separate pool of assets. Any gains or losses of these assets will not directly affect the contracts. The strength of our guarantees under these options is based on the overall financial strength of Pruco Life of New Jersey.

Market Value Adjustment

When you allocate a purchase payment or transfer contract value to a guarantee period, we use that money

to buy and sell securities and other instruments to support our obligation to pay interest. Generally, we buy bonds for this purpose. The duration of the bonds and other instruments that we buy with respect to a particular guarantee period is influenced significantly by the length of the guarantee period. For example, we typically would acquire longer-duration bonds with respect to the 10 year guarantee period than we do for the 3 year guarantee period. The value of these bonds is affected by changes in interest rates, among other factors. The market value adjustment that we assess against your contract value if you withdraw or transfer prior to the end of a guarantee period involves our attributing to you a portion of our investment experience on these bonds and other instruments.

For example, if you make a full withdrawal when interest rates have risen since the time of your investment, the bonds and other investments in the guarantee period likely would have decreased in value, meaning that we would impose a "negative" market value adjustment on you (i.e., one that results in a reduction of the withdrawal proceeds that you receive). For a partial withdrawal, we would deduct a negative market value adjustment from your remaining contract value. If interest rates have decreased, the market value adjustment would be positive.

Other things you should know about the market value adjustment include the following:

- We determine the market value adjustment according to a mathematical formula, which is set forth at the end of this prospectus under the heading "Market-Value Adjustment Formula." In that section of the prospectus, we also provide hypothetical examples of how the formula works.
- In addition to imposing a market value adjustment on withdrawals, we also will impose a market value adjustment on the contract value you apply to an annuity or settlement option, unless you annuitize after the end of a guarantee period. The laws of certain states may prohibit us from imposing a market value adjustment on the annuity date.

You should realize, however, that apart from the market value adjustment, the value of the benefit in

your guarantee period under your contract does not depend on the investment performance of the bonds and other instruments that we hold with respect to your guarantee period. Apart from the effect of any market value adjustment, we do not pass through to you the gains or losses on the bonds and other instruments that we hold in connection with a guarantee period.

TRANSFERS AMONG OPTIONS

You can transfer money among the variable investment options and the one-year fixed interest rate option. In addition, you can transfer contract value out of a market value adjustment guarantee period into another market value adjustment guarantee period, a variable investment option, or the one-year fixed interest rate option, although a market value adjustment will apply to any transfer you make prior to the end of a guarantee period. You may transfer contract value *into* the market value adjustment option at any time, provided it is at least \$1,000.

You may make your transfer request by telephone, electronically, or otherwise in paper form to the Prudential Annuity Service Center. You may make up to two telephone and electronic transfer requests per month. We may require you to make any additional transfer requests during that month in writing with an original signature. We have procedures in place to confirm that instructions received by telephone or electronically are genuine. We will not be liable for following telephone or electronic instructions that we reasonably believe to be genuine. Your transfer request will take effect at the end of the business day on which we receive it. Our business day generally closes at 4:00 p.m. Eastern time, and requests received after that time will take effect at the end of the next business day.

With regard to the market value adjustment option, you can specify the guarantee period from which you wish to transfer. If you request a transfer from the market value adjustment option, but you do not specify the guarantee period from which funds are to be taken, then we will transfer funds from the guarantee period that has the least time remaining until its maturity date.

You can make transfers out of a fixed interest-rate option, other than the DCA Option, only during the

30-day period following the end of the one year interest rate period. Transfers from the DCA Option are made on a periodic basis for the period that you select.

During the contract accumulation phase, you can make up to 12 transfers each contract year without charge. We charge \$25 for each transfer after the twelfth in a contract year. (Dollar Cost Averaging and Auto-Rebalancing transfers whether or not part of the DCA fixed rate option are always free, and do not count toward the 12 free transfers per year.)

MARKET TIMING

The contract was not designed for market timing or for persons that make programmed, large, or frequent transfers. Because market timing and similar trading practices generally are disruptive to the separate account and the underlying mutual funds, we monitor contract transactions in an effort to identify such trading practices. If we detect those practices, we reserve the right to reject a proposed transaction and to modify the contract's transfer procedures. For example, we may decide not to accept the transfer requests of an agent acting under a power of attorney on behalf of more than one contractholder.

To deter market timing transactions, Pruco Life of New Jersey reserves the right to effect exchanges on a delayed basis for all contracts. That is, Pruco Life of New Jersey may price an exchange involving the variable subaccounts on the business day subsequent to the business day on which the exchange request was received. Before implementing such a practice, Pruco Life of New Jersey will issue a separate written notice to contract owners that explains the practice in detail.

OTHER AVAILABLE FEATURES

Dollar Cost Averaging

The dollar cost averaging (DCA) feature (which is distinct from the DCA Fixed Rate Option) allows you to systematically transfer either a fixed dollar amount or a percentage out of any variable investment option and into one or more other variable investment options or

2:

What Investment Options Can I Choose? *continued*

the one-year fixed rate option. You can have these automatic transfers occur monthly, quarterly, semiannually or annually. By investing amounts on a regular basis instead of investing the total amount at one time, dollar cost averaging may decrease the effect of market fluctuation on the investment of your purchase payment. Of course, dollar cost averaging cannot ensure a profit or protect against loss in a declining market.

Each dollar cost averaging transfer must be at least \$100. Transfers will be made automatically on the schedule you choose until the entire amount you chose to have transferred has been transferred or until you tell us to discontinue the transfers. If the remaining amount to be transferred drops below \$100, the entire remaining balance will be transferred on the next transfer date. You can allocate additional amounts to be transferred at any time.

Your transfers will occur on the last calendar day of each transfer period you have selected, provided that the New York Stock Exchange is open on that date. If the New York Stock Exchange is not open on a particular transfer date, the transfer will take effect on the next business day.

Any dollar cost averaging transfers you make do not count toward the 12 free transfers you are allowed each contract year. The dollar cost averaging feature is available only during the contract accumulation phase.

Asset Allocation Program

We recognize the value of having advice when deciding how to allocate your purchase payments among the investment options. If you choose to participate in the Asset Allocation Program, your representative will give you a questionnaire to complete that will help determine a program that is appropriate for you. We will prepare your asset allocation based on your answers to the questionnaire. We will not charge you for this service and you are not obligated to participate or to invest according to program recommendations.

Auto-Rebalancing

Once you have allocated your money among the variable investment options, the actual performance of the investment options may cause your allocation to

shift. For example, an investment option that initially holds only a small percentage of your assets could perform much better than another investment option. Over time, this option could increase to a larger percentage of your assets than you desire. You can direct us to automatically rebalance your assets to return to your original allocation percentages or to subsequent allocation percentages you select. We will rebalance only the variable investment options that you have designated. If you also participate in the DCA feature, then the variable investment option from which you make the DCA transfers will not be rebalanced.

You may choose to have your rebalancing occur monthly, quarterly, semiannually, or annually. The rebalancing will occur on the last calendar day of the period you have chosen, provided that the New York Stock Exchange is open on that date. If the New York Stock Exchange is not open on that date, the rebalancing will take effect on the next business day.

Any transfers that occur as a result of the Auto-Rebalancing feature do not count toward the 12 free transfers you are allowed per year. The auto-rebalancing feature is available only during the contract accumulation phase. If you choose auto-rebalancing and dollar cost averaging, auto-rebalancing will take place after the transfers from your DCA account.

VOTING RIGHTS

We are the legal owner of the shares of the mutual funds that underly the variable investment options. However, we currently vote the shares of the mutual funds according to voting instructions we receive from contract owners. When a vote is required, we will mail you a form that you can complete and return to us to tell us how you wish us to vote. When we receive those instructions, we will vote all of the shares we own on your behalf in accordance with those instructions. We will vote fund shares for which we do not receive instructions, and any other shares that we own, in the same proportion as shares for which we do receive instructions from contract owners. We may change the way your voting instructions are calculated if federal or state law requires or permits it.

SUBSTITUTION

We may substitute one or more of the underlying mutual funds used by the variable investment options. We would not do this without the approval of the SEC and any necessary state insurance departments. We

would give you specific notice in advance of any substitution we intended to make. We may also stop allowing investments in existing variable investment options and their underlying funds.

Contract described herein is no longer available for sale.

3:

What Kind of Payments Will I Receive During the Income Phase? (Annuitization)

We can begin making annuity payments any time on or after the first contract anniversary. Annuity payments must begin no later than the later of the contract anniversary next following the annuitant's 90th birthday or the tenth contract anniversary.

Upon annuitization, any value in a guarantee period of the market value adjustment option may be subject to a market value adjustment.

We make the income plans described below available at any time before the annuity date. We call these plans "annuity options" or "settlement options." During the income phase, all of the annuity options under this contract are fixed annuity options. This means that you no longer invest in the variable investment options—that is, in the underlying mutual funds—on or after the annuity date. If another annuity option is not selected by the annuity date, you will automatically select the Life Income Annuity Option (Option 2, described below) unless prohibited by applicable law.

Generally, once the annuity payments begin, the annuity option cannot be changed and you cannot make withdrawals.

Option 1

Annuity Payments For A Fixed Period

Under this option, we will make equal payments for the period chosen, from 10 years up to 25 years (but not to exceed life expectancy). We will make these payments monthly, quarterly, semiannually, or annually, as you choose, for the fixed period. If the annuitant dies during the income phase, we will continue payments to the beneficiary for the remainder of the fixed period or, if the beneficiary so chooses, we will make a single lump-sum payment. We calculate the amount of the lump-sum payment as the present value of the unpaid future payments based upon the interest rate used to compute the actual payments. That interest rate will always be at least 3% a year.

Option 2

Life Income Annuity Option

Under this option, we will make annuity payments monthly, quarterly, semiannually, or annually as long as

the annuitant is alive. If the annuitant dies before we have made 10 years' worth of payments, we will pay the beneficiary the present value of the remaining annuity payments in one lump sum, unless we were specifically instructed to continue to pay the remaining monthly annuity payments. We calculate the present value of the remaining annuity payments using the interest rate used to compute the amount of the original 120 payments. That interest rate will always be at least 3% a year. If an annuity option is not selected by the annuity date, you will automatically select this option.

Other Annuity Options

We currently offer a variety of other annuity options. At the time annuity payments are chosen, we may make available to you any of the fixed annuity options then offered.

TAX CONSIDERATIONS

If your contract is held under a tax-favored plan, as discussed on page 43, you should consider the minimum distribution requirements mentioned on page 44 when selecting your annuity option.

For certain contracts held in connection with "qualified" retirement plans (such as a Section 401(k) plan), please note that if you are married at the time your payments commence, you may be required by federal law to choose an income option that provides at least a 50 percent joint and survivor annuity to your spouse, unless your spouse waives that right. Similarly, if you are married at the time of your death, federal law may require all or a portion of the death benefit to be paid to your spouse, even if you designated someone else as your beneficiary. For more information, consult the terms of your retirement arrangement.

4:

What is the Death Benefit?

The death benefit feature protects the value of the contract for the beneficiary.

BENEFICIARY

The beneficiary is the person(s) or entity you name to receive any death benefit. You name the beneficiary at the time the contract is issued, unless you change it at a later date. A change of beneficiary will take effect on the date you sign the change request form. Unless you name an irrevocable beneficiary, during the accumulation period, you can change the beneficiary at any time before the owner dies.

CALCULATION OF THE DEATH BENEFIT

If the owner or joint owner dies during the accumulation phase, we will, upon receiving the appropriate proof of death and any other needed documentation ("due proof of death"), pay a death benefit to the beneficiary designated by the deceased owner or joint owner. If there are an owner and joint owner of the contract, and the owner's spouse is both the joint owner and the beneficiary, at the death of the first to die, the death benefit will be paid to the surviving owner or the surviving owner may continue the contract under the Spousal Continuation Benefit. See "Spousal Continuation Benefit" on page 33. Upon death, the beneficiary will receive the greater of the following:

- 1) The current value of your contract (as of the time we receive due proof of death). If you have purchased the Contract With Credit after such date that we may obtain SEC approval, we will first deduct any credit corresponding to a purchase payment made within one year of death. We impose no market value adjustment on contract value held within the market value adjustment option when a death benefit is paid.
- 2) Either the base death benefit, which equals the total invested purchase payments you have made proportionally reduced by any withdrawals, or, if you have chosen the guaranteed minimum death benefit, the GMDB protected value.

GUARANTEED MINIMUM DEATH BENEFIT

The guaranteed minimum death benefit (GMDB) provides for the option to receive an enhanced death benefit upon the death of the sole owner or the first to die of the owner or joint owner during the accumulation phase. The GMDB protected value is calculated daily.

GMDB STEP-UP

If the sole owner or the older of the owner and joint owner is less than age 80 on the contract date, the GMDB step-up before the first contract anniversary is the initial invested purchase payment increased by subsequent invested purchase payments, and proportionally reduced by the effect of withdrawals. The GMDB step-up on each contract anniversary will be the greater of the previous GMDB step-up and the contract value as of such contract anniversary. Between contract anniversaries, the GMDB step-up will increase by invested purchase payments and reduce proportionally by withdrawals.

We stop increasing the GMDB step-up by any appreciation in the contract value on the *later of*:

- the contract anniversary coinciding with or next following the sole or older owner's 80th birthday, or
- the 5th contract anniversary.

However we still increase the GMDB protected value by subsequent invested purchase payments and proportionally reduce it by withdrawals.

Here is an example of a proportional reduction:

The current contract value is \$100,000 and the protected value is \$80,000. The owner makes a withdrawal that reduces the contract value by 25% (including the effect of any withdrawal charges). The new protected value is \$60,000, or 75% of what it was before the withdrawal.

If the sole owner or the older of the owner and joint owner is between age 80 and 85 on the contract date, the GMDB step-up before the third contract anniversary is the sum of invested purchase payments, reduced by the effect of withdrawals. On the third contract anniversary, we will adjust the GMDB step-up to the greater of the then current GMDB step-up or the contract value as of that contract anniversary. Thereaf-

4:

What is the Death Benefit? *continued*

ter we will only increase the GMDB protected value by subsequent invested purchase payments and proportionally reduce it by withdrawals.

Special rules apply if the beneficiary is the spouse of the owner and the contract does not have a joint owner. In that case, upon the death of the owner, the spouse will have the choice of the following:

- If the sole beneficiary under the contract is the owner's spouse, and the other requirements of the Spousal Continuation Benefit are met (see page 33), then the contract can continue, and the spouse will become the new owner of the contract; or
- The spouse can receive the death benefit. If the spouse does wish to receive the death benefit, he or she must make that choice within the first 60 days following our receipt of due proof of death. Otherwise, the beneficiary will receive the death benefit.

If ownership of the contract changes as a result of the owner assigning it to someone else, we will reset the value of the death benefit to equal the contract value on the date the change of ownership occurs, and for purposes of computing the future death benefit, we will treat that contract value as a purchase payment occurring on that date.

SPECIAL RULES IF JOINT OWNERS

If the contract has an owner and a joint owner and they are spouses at the time that one dies the Spousal Continuation Benefit may apply. See "Spousal Continuation Benefit" page 33. If the Contract has an owner and a joint owner and they are not spouses at the time one dies, we will pay the death benefit and the contract will end.

PAYOUT OPTIONS

The beneficiary may, within 60 days of providing due proof of death, choose to take the death benefit under one of several death benefit payout options listed below.

The death benefit payout options are:

Choice 1. Lump sum payment of the death benefit.

If the beneficiary does not choose a payout option within sixty days, the beneficiary will receive this payout option.

Choice 2. The payment of the entire death benefit within a period of 5 years from the date of death of the first to die of the owner or joint owner.

The entire death benefit will include any increases or losses resulting from the performance of the variable or fixed interest rate options during this period. During this period the beneficiary may: reallocate the contract value among the variable or one-year fixed interest rate options; name a beneficiary to receive any remaining death benefit in the event of the beneficiary's death; and make withdrawals from the contract value, in which case, any such withdrawals will not be subject to any withdrawal charges. However, the beneficiary may not make any purchase payments to the contract.

During this 5 year period, we will continue to deduct from the death benefit proceeds the charges and costs that were associated with the features and benefits of the contract. Some of these features and benefits may not be available to the beneficiary, such as the spousal continuation benefit.

Choice 3. Payment of the death benefit under an annuity or annuity settlement option over the lifetime of the beneficiary or over a period not extending beyond the life expectancy of the beneficiary with distribution beginning within one year of the date of death of the last to survive of the owner or joint owner.

If the contract has an owner and a joint owner:

- If the owner and joint owner are spouses at the death of the first to die of the two, any portion of the death benefit not applied under Choice 3 within one year of the survivor's date of death must be distributed within five years of the survivor's date of death.
- If the owner and joint owner are not spouses at the death of the first to die of the two, any portion of the death benefit (which is equal to the adjusted contract value) not applied under Choice 3 within one year of the date of death of the first to die must be distributed within five years of that date of death.

The tax consequences to the beneficiary vary among the three death benefit payout options. See “What are the Tax Considerations Associated with the Strategic Partners Annuity One Contract?” on page 41.

SPOUSAL CONTINUANCE BENEFIT

This benefit is available if, on the date we receive due proof of the owner’s death, (1) there is only one owner of the contract and there is only one beneficiary who is the owner’s spouse; or (2) there are an owner and joint owner of the contract, and the joint owner is the owner’s spouse and the owner’s beneficiary under the contract. In no event, however, can the annuitant be older than the maximum age for annuitization on the date of the spouse’s death. In such cases, the surviving spouse, or annuitant if other than the surviving spouse, cannot be older than age 95 on that date, and the surviving spouse will become the new sole owner under the contract. Assuming the above conditions are present, the surviving spouse can elect the spousal continuance benefit, but must do so no later than 60 days after furnishing due proof of the owner’s death in good order.

Upon activation of the spousal continuance benefit, the contract value is adjusted to equal the amount of the death benefit to which the surviving spouse would have been entitled. This contract value will serve as the basis for calculating any death benefit payable upon the death of the surviving spouse. We will allocate any increase in the adjusted contract value among the variable, fixed interest rate or market value adjustment

options in the same proportions that existed immediately prior to the spousal continuance adjustment.

Under the spousal continuance benefit, we waive any potential withdrawal charges applicable to purchase payments made prior to activation of the spousal continuance benefit. However, we will continue to impose withdrawal charges on purchase payments made after activation of this benefit. In addition, contract value allocated to the market value adjustment option will remain subject to a potential market value adjustment.

If you elected the base death benefit, then upon activation of the spousal continuance benefit, we will adjust the contract value to equal the *greater of*:

- the contract value, or
- the sum of all invested purchase payments (adjusted for withdrawals).

If you have elected the GMDB step-up, we will adjust the contract value to equal the *greater of*:

- the contract value, or
- the GMDB step-up.

After we have made the adjustment to contract value set out immediately above, we will continue to compute the GMDB step-up under the surviving spousal owner’s contract, and will do so in accordance with the preceding paragraphs.

If the contract is being continued by the surviving spouse, the attained age of the surviving spouse will be the basis used in determining the death benefit payable under the GMDB provisions of the contract.

Contract description herein is no longer available for sale.

5:

How Can I Purchase a Strategic Partners Annuity One Contract?

PURCHASE PAYMENTS

The initial purchase payment is the amount of money you first pay us to purchase the contract. The minimum initial purchase payment is \$10,000. With some restrictions, you can make additional purchase payments by means other than electronic fund transfer of no less than \$500 at any time during the accumulation phase. However, we impose a minimum of \$100 with respect to additional purchase payments made through electronic fund transfers. You may purchase this contract only if the oldest of the owner, joint owner or annuitant is age 85 or younger. Certain age limits apply to certain features and benefits described herein. No subsequent purchase payments may be made on or after the earliest of the 86th birthday of the owner, joint owner, or annuitant (for contracts issued prior to January 17, 2003, 81st birthday of the owner or annuitant).

Currently, the maximum aggregate purchase payments you may make is \$7 million. We limit the maximum total purchase payments in any contract year other than the first to \$2 million. You must obtain our approval prior to submitting a purchase payment of \$5 million or greater within the first contract year.

ALLOCATION OF PURCHASE PAYMENTS

When you purchase a contract, we will allocate your invested purchase payment among the variable or fixed interest rate investment options or the market value adjustment option based on the percentages you choose. The percentage of your allocation to a particular investment option can range in whole percentages from 0% to 100%.

You may change your allocation of future invested purchase payments at any time. Contact the Prudential Annuity Service Center for details.

If you make an additional purchase payment without allocation instructions, we will allocate the invested purchase payment in the same proportion as your most recent purchase payment, unless you directed us in connection with that purchase payment to make that allocation on a one-time-only basis.

The allocation procedure mentioned above will apply unless that portion designated for the DCA Fixed Rate Option is less than \$2,000. In that case, we will

use your transfer allocation for the DCA Fixed Rate Option as part of your allocation instructions until you direct us otherwise.

We will credit the initial purchase payment to your contract within two business days from the day on which we receive your payment at the Prudential Annuity Service Center. If, however, your first payment is made without enough information for us to set up your contract, we may need to contact you to obtain the required information. If we are not able to obtain this information within five business days, we will within that five business day period either return your purchase payment or obtain your consent to continue holding it until we receive the necessary information. We will generally credit each subsequent purchase payment as of the business day we receive it in good order at the Prudential Annuity Service Center. Our business day generally closes at 4:00 p.m. Eastern time.

CREDITS

If you purchase the Contract With Credit, we will add a credit amount to your contract value with each purchase payment you make. The credit amount is allocated to the variable or fixed interest rate investment options in the same percentages as the purchase payment.

The bonus credit that we pay with respect to any purchase payment depends on (i) the age of the older of the owner or joint owner on the date on which the purchase payment is made and (ii) the amount of the purchase payment. Specifically,

- if the elder owner is 80 or younger on the date that the purchase payment is made, then we will add a bonus credit to the purchase payment equal to 4% if the purchase payment is less than \$250,000; 5% if the purchase payment is equal to or greater than \$250,000 but less than \$1 million; or 6% if the purchase payment is \$1 million or greater; and
- if the older owner is aged 81-85 on the date that the purchase payment is made, then we will add a bonus credit equal to 3% of the amount of the purchase payment.

Under the Contract With Credit, if we pay a death benefit under the contract, we have a contractual right to take back any credit we applied within one year of the date of death. If the owner returns the contract during the free look period, we will recapture bonus credits. However, we will not, unless and until we obtain SEC approval, recoup for our own assets the full amount of the 6% bonus credit applicable to purchase payments of \$1 million or greater that we had given to you. Rather, we will recoup an amount equal to the value of the credit as of the business day on which we receive your request, less any charges attributable to that credit. We reserve the right to recapture the entire amount of the credit upon obtaining appropriate approval of the SEC with regard to that bonus credit.

CALCULATING CONTRACT VALUE

The value of your contract will go up or down depending on the investment performance of the variable investment options you choose. To determine the value of your contract, we use a unit of measure called an accumulation unit. An accumulation unit works like a share of a mutual fund.

Every day we determine the value of an accumulation unit for each of the variable investment options. We do this by:

- 1) adding up the total amount of money allocated to a specific investment option,
- 2) subtracting from that amount insurance charges and any other applicable charges such as for taxes, and
- 3) dividing this amount by the number of outstanding accumulation units.

When you make a purchase payment, we credit your contract with accumulation units of the subaccount or subaccounts for the investment options you choose. We determine the number of accumulation units credited to your contract by dividing the amount of the purchase payment, plus (if you have purchased the Contract With Credit) any applicable credit, allocated to an investment option by the unit price of the accumulation unit for that investment option. We calculate the unit price for each investment option after the New York Stock Exchange closes each day and then credit your contract. The value of the accumulation units can increase, decrease, or remain the same from day to day.

We cannot guarantee that your contract value will increase or that it will not fall below the amount of your total purchase payments. However, we do guarantee a minimum interest rate of 3% a year, on that portion of the contract value allocated to the one-year fixed interest-rate option or the DCA Fixed Interest Rate Option.

Contract described herein is not intended to be sold.

6:

What are the Expenses Associated with the Strategic Partners Annuity One Contract?

There are charges and other expenses associated with the contract that reduce the return on your investment. We describe these charges and expenses below.

INSURANCE AND ADMINISTRATIVE COST

Each day, we make a deduction for the insurance and administrative cost. This cost covers our expenses for mortality and expense risk, administration, marketing and distribution. If you choose the guaranteed minimum death benefit option, the insurance and administrative cost also includes a charge to cover our assumption of the associated risk. The mortality risk portion of the cost is for our assumption of the risk that the annuitant(s) will live longer than expected based on our life expectancy tables. When this happens, we pay a greater number of annuity payments. The expense risk portion of the cost is for our assumption of the risk that the current costs will be insufficient in the future to cover the cost of administering the contract. The administrative expense portion of the cost compensates us for the expenses associated with the administration of the contract. This includes preparing and issuing the contract; establishing and maintaining contract records; preparation of confirmations and annual reports; personnel costs; legal and accounting fees; filing fees; and systems costs. The guaranteed minimum death benefit risk portion of the cost, if applicable, covers our assumption of the risk that the protected value of the contract will be larger than the base death benefit if the contract owner dies during the accumulation phase.

If the insurance and administrative cost is not sufficient to cover our expenses, then we will bear the loss. We do, however, expect to profit from this cost. The insurance and administrative cost for your contract cannot be increased. We may use any profits from this cost to pay for the costs of distributing the contracts. If you choose the Contract With Credit, we will also use any profits from this charge to recoup our costs of providing the credit.

We calculate the insurance and administrative cost based on the average daily value of all assets allocated to the variable investment options. These costs are not assessed against amounts allocated to the fixed interest rate options. The amount of the cost depends on the death benefit option that you choose. The cost is equal to:

- 1.40% on an annual basis if you choose the base death benefit, and
- 1.65% on an annual basis if you choose the step-up guaranteed minimum death benefit option.

We impose an additional insurance and administrative cost of 0.10% annually (of account value attributable to the variable investment options) for the Contract with Credit.

CONTRACT MAINTENANCE CHARGE

We do not deduct a contract maintenance charge for administrative expenses while your contract value is \$75,000 or more. If your contract value is less than \$75,000 on a contract anniversary during the accumulation phase or when you make a full withdrawal, we will deduct \$30 (or a lower amount equal to 2% of your contract value) for administrative expenses. We may raise the level of the contract value at which we waive this fee. We will deduct this charge proportionately from each of your contract's investment options.

WITHDRAWAL CHARGE

A withdrawal charge may apply if you make a full or partial withdrawal during the withdrawal charge period for a purchase payment. The amount and duration of the withdrawal charge depends on whether you choose the Contract With Credit or the Contract Without Credit. The withdrawal charge varies with the number of contract anniversaries that have elapsed since each purchase payment was made. Specifically, we maintain an "age" for each purchase payment you have made by keeping track of how many contract anniversaries have passed since the purchase payment was made.

The withdrawal charge is the percentage, shown below, of the amount withdrawn.

Number of Contract Anniversaries Since the Date of Each Purchase Payment	Contract With Credit Withdrawal Charge	Contract Without Credit Withdrawal Charge
0	8%	7%
1	8%	6%
2	8%	5%
3	8%	4%
4	7%	3%
5	6%	2%
6	5%	1%
7	0%	0%

If a withdrawal is effective on the day before a contract anniversary, the withdrawal charge percentage as of the next following contract anniversary will apply.

If you request a withdrawal, we will deduct an amount from the contract value that is sufficient to pay the withdrawal charge and provide you with the amount requested.

If you request a full withdrawal, we will provide you with the full amount of the contract value after making these deductions.

Each contract year, you may withdraw a specified amount of your contract value without incurring a withdrawal charge. We determine the charge-free amount available to you in a given contract year on the contract anniversary that begins that year. In calculating the charge-free amount, we divide purchase payments into two categories — payments that are subject to a withdrawal charge and those that are not. We determine the charge-free amount based only on purchase payments that are subject to a withdrawal charge. The charge-free amount in a given contract year is equal to 10% of the sum of all the purchase payments subject to the withdrawal charge that you have made as of the applicable contract anniversary. During the first contract year, the charge-free amount is equal to 10% of the initial purchase payment. When you make a withdrawal, we will first deduct the amount of the withdrawal from purchase payments no longer subject to a withdrawal charge, and then from the available charge-free amount, and will consider purchase payments to be paid out on a first-in, first-out basis. Withdrawals in excess of the charge-free

amount will come first from purchase payments, also on a first-in, first-out basis, and will be subject to withdrawal charges, if applicable, even if earnings are available on the date of the withdrawal. Once you have withdrawn all purchase payments, additional withdrawals will come from any earnings. We do not impose withdrawal charges on earnings.

If a withdrawal or transfer is taken from a market value adjustment guarantee period prior to the expiration of the rate guarantee period we will make a market value adjustment to the withdrawal amount, including the withdrawal charge. A hypothetical example follows:

Owner requests a net withdrawal of \$1,000 from the market value adjustment “MVA” option, subject to a 5% withdrawal charge and a negative 1.4% MVA:

Amount in MVA guarantee period prior to withdrawal:	\$3,000
Withdrawal, including a 5% withdrawal charge:	$\$1,000 / (1 - 0.05) = \$1,053$
Withdrawal and withdrawal charge amount assuming a negative MVA:	$\$1,053 / [1 - 0.014(MVA)] = \$1,068$
Amount in MVA guarantee period:	\$3,000
	<u>– \$1,068</u>
	\$1,932 = Amount remaining in MVA guarantee period after taking withdrawal
Owner receives:	\$1,000
Withdrawal charge:	= \$53
MVA adjustment:	= \$15

If you choose the Contract With Credit and make a withdrawal that is subject to a withdrawal charge, we may use part of that withdrawal charge to recoup our costs of providing the credit.

6:

What are the Expenses Associated with the Strategic Partners Annuity One Contract? *continued*

Withdrawal charges will never be greater than permitted by applicable law.

Minimum Distribution Requirements

If a withdrawal is taken from a tax qualified contract in order to satisfy an IRS mandatory distribution requirement only with respect to that contract's account balance, we will waive withdrawal charges. See "What are the Tax Considerations Associated with the Strategic Partners Annuity One Contract?" on page 41.

TAXES ATTRIBUTABLE TO PREMIUM

There are federal premium based taxes applicable to your purchase payment. We are responsible for the payment of these taxes and may make a deduction from the value of the contract to pay some or all of these taxes. Some of these taxes are due when the contract is issued, others are due when the annuity payments begin. New York does not currently charge premium taxes on annuities. It is also our current practice not to deduct a charge for the federal tax associated with deferred acquisition costs paid by us that are based on premium received. However, we reserve the right to charge the contract owner in the future for any such tax associated with deferred acquisition costs and any federal, state or local income, excise, business or any other type of tax measured by the amount of premium received by us.

TRANSFER FEE

You can make 12 free transfers every contract year. We measure a contract year from the date we issue your contract, which is the contract date. If you make more than 12 transfers in a contract year (excluding Dollar Cost Averaging and Auto-Rebalancing), we will deduct a transfer fee of \$25 for each additional transfer. We will deduct the transfer fee pro-rata from the investment options from which the transfer is made.

COMPANY TAXES

We will pay the taxes on the earnings of the separate account. We do not currently charge you for these taxes. We will periodically review the issue of charging for these taxes and may impose a charge in the future.

UNDERLYING MUTUAL FUND FEES

When you allocate a purchase payment or a transfer to the variable investment options, we in turn invest in shares of a corresponding mutual fund. Those funds charge fees that are in addition to the contract-related fees described in this section. For 2002, the fees of these funds ranged on an annual basis from 0.37% to 1.30% of fund assets (these fees reflect the effect of expense reimbursements or waivers, which may terminate at any time). For additional information about these fund fees, please consult the prospectuses for the funds, which are attached to this prospectus.

Contract described herein is no longer available for sale.

7:

How Can I Access My Money?

You can access your money by:

- *Making a withdrawal (either partial or full); or*
- *Choosing to receive annuity payments during the income phase.*

WITHDRAWALS DURING THE ACCUMULATION PHASE

Following the free look period, when you make a full withdrawal, you will receive the value of your contract minus any applicable charges and fees. We will calculate the value of your contract and charges, if any, as of the date we receive your request in good order at the Prudential Annuity Service Center.

Unless you tell us otherwise, we will take any partial withdrawal proportionately from all of the investment options in which you have invested. For a partial withdrawal, we will deduct any applicable charges and fees proportionately from the investment options in your contract. The minimum amount which may be withdrawn is \$250. If you request a withdrawal that would reduce your total contract fund below the minimum \$2,000, we will withdraw the maximum amount that will not reduce the total contract fund below that amount.

With respect to the variable investment options we will generally pay the withdrawal amount, less any required tax withholding, within seven days after we receive a withdrawal request in good order.

With respect to the market value adjustment option, you may specify the guarantee period from which you would like to make a withdrawal. If you indicate that the withdrawal is to originate from the market value adjustment option, but you do not specify which guarantee period is to be involved, then we will take the withdrawal from the guarantee period that has the least time remaining until its maturity date. If you indicate that you wish to make a withdrawal, but do not specify the investment options to be involved, then we will take the withdrawal from your contract value on a pro rata basis from each investment option that you have. In that situation, we will aggregate the contract value in

each of the guarantee periods that you have within the market value adjustment option for purposes of making that pro rata calculation. The portion of the withdrawal associated with the market value adjustment option then will be taken from the guarantee periods with the least amount of time remaining until the maturity date, irrespective of the original length of the guarantee period. You should be aware that a withdrawal may avoid a withdrawal charge based on the charge-free amount that we allow, yet still be subject to a market value adjustment.

Income taxes, tax penalties, and certain restrictions also may apply to any withdrawal you make. For a more complete explanation, see Section 8 of this prospectus.

AUTOMATED WITHDRAWALS

We offer an automated withdrawal feature. This feature enables you to receive periodic withdrawals in monthly, quarterly, semiannual, or annual intervals. We will process your withdrawals at the end of the business day at the intervals you specify. We will continue at these intervals until you tell us otherwise. You can make withdrawals from any designated investment option or proportionally from all investment options (other than a guarantee period within the market value adjustment option). The minimum automated withdrawal amount you can make is \$100.

Income taxes, tax penalties, withdrawal charges, and certain restrictions may apply to automated withdrawals. For a more complete explanation, see Section 8 of this prospectus.

SUSPENSION OF PAYMENTS OR TRANSFERS

The Securities and Exchange Commission (SEC) may require us to suspend or postpone payments made in connection with withdrawals or transfers for any period when:

- The New York Stock Exchange is closed (other than customary weekend and holiday closings);
- Trading on the New York Stock Exchange is restricted;
- An emergency exists, as determined by the SEC, during which sales and redemptions of shares of the

7:

How Can I Access My Money? *continued*

mutual funds are not feasible or we cannot reasonably value the accumulation units; or

- The Securities and Exchange Commission, by order, permits suspension or postponement of payments for the protection of owners.

We expect to pay the amount of any withdrawal or transfer made from the fixed interest rate options promptly upon request.

Contract described herein is no longer available for sale

8:

What are the Tax Considerations Associated with the Strategic Partners Annuity One Contract?

The tax considerations associated with the Strategic Partners Annuity One contract vary depending on whether the contract is (i) owned by an individual and not associated with a tax-favored retirement plan, or (ii) held under a tax-favored retirement plan. We discuss the tax considerations for these categories of contracts below. The discussion is general in nature and describes only federal income tax law (not state or other tax laws). It is based on current law and interpretations, which may change. It is not intended as tax advice. You should consult with a qualified tax adviser for complete information and advice.

CONTRACTS OWNED BY INDIVIDUALS (NOT ASSOCIATED WITH TAX-FAVORED RETIREMENT PLANS)

Taxes Payable by You

We believe the contract is an annuity contract for tax purposes. Accordingly, as a general rule, you should not pay any tax until you receive money under the contract.

Generally, annuity contracts issued by the same company (and affiliates) to you during the same calendar year must be treated as one annuity contract for purposes of determining the amount subject to tax under the rules described below.

It is possible that the Internal Revenue Service would assert that some or all of the charges for the guaranteed minimum death benefit should be treated for federal income tax purposes as a partial withdrawal from the contract. If this were the case, the charge for this benefit could be deemed a withdrawal and treated as taxable to the extent there are earnings in the contract. Additionally, for owners under age 59½, the taxable income attributable to the charge for the benefit could be subject to a tax penalty.

If the Internal Revenue Service determines that the deductions for one or more benefits under the contract — including, without limitation, the guaranteed minimum death benefit and any supplemental benefit added by endorsement — are taxable withdrawals, then the sole or surviving owner may cancel the affected benefit(s) within 90 days after notice from us.

Taxes on Withdrawals and Surrender

If you make a withdrawal from your contract or surrender it before annuity payments begin, the amount

you receive will be taxed as ordinary income, rather than as return of purchase payments, until all gain has been withdrawn. You will generally be taxed on any withdrawals from the contract while you are alive even if the withdrawal is paid to someone else.

If you assign or pledge all or part of your contract as collateral for a loan, the part assigned will be treated as a withdrawal. Also, if you elect any interest payment option that we may offer, that election will be treated, for tax purposes, as surrendering your contract.

If you transfer your contract for less than full consideration, such as by gift, you will trigger tax on the gain in the contract. This rule does not apply if you transfer the contract to your spouse or under most circumstances if you transfer the contract incident to divorce.

It is our position that the guaranteed minimum death benefit and other contract benefits are an integral part of the annuity contract and accordingly that the charges made against the annuity contract's cash value for the benefit should not be treated as distributions subject to income tax. It is possible, however, that the Internal Revenue Service could take the position that such charges should be treated as distributions.

Taxes on Annuity Payments

A portion of each annuity payment you receive will be treated as a partial return of your purchase payments and will not be taxed. The remaining portion will be taxed as ordinary income. Generally, the nontaxable portion is determined by multiplying the annuity payment you receive by a fraction, the numerator of which is your purchase payments (less any amounts previously received tax-free) and the denominator of which is the total expected payments under the contract.

After the full amount of your purchase payments have been recovered tax-free, the full amount of the annuity payments will be taxable. If annuity payments stop due to the death of the annuitant before the full amount of your purchase payments have been recovered, a tax deduction may be allowed for the unrecovered amount.

8:

Tax Considerations Associated with the Strategic Partners Annuity One Contract *continued*

Tax Penalty on Withdrawals and Annuity Payments

Any taxable amount you receive under your contract may be subject to a 10% tax penalty. Amounts are not subject to this tax penalty if:

- the amount is paid on or after you reach age 59½ or die;
- the amount received is attributable to your becoming disabled;
- the amount paid or received is in the form of level annuity payments not less frequently than annually under a lifetime annuity;

Taxes Payable by Beneficiaries

All of the death benefit options are subject to income tax to the extent the distribution exceeds the adjusted basis in the contract and the full value of the death benefit is included in the owner's estate. Generally, the same tax rules described above would also apply to amounts received by your beneficiary. Choosing an annuity payment option instead of a lump sum death benefit may defer taxes. Certain minimum distribution requirements apply upon your death, as discussed further below. Tax consequences to the beneficiary vary among the death benefit payment options.

- *Choice 1:* the beneficiary is taxed on earnings in the contract.
- *Choice 2:* the beneficiary is taxed as amounts are withdrawn (In this case earnings are treated as being distributed first).
- *Choice 3:* the beneficiary is taxed on each payment (part will be treated as earnings and part as return of premiums).

Reporting and Withholding on Distributions

Taxable amounts distributed from your annuity contracts are subject to federal and state income tax reporting and withholding. In general, we will withhold federal income tax from the taxable portion of such distribution based on the type of distribution. In the case of an annuity or similar periodic payment, we will withhold as if you are a married individual with 3 exemptions unless you designate a different withholding status. In the case of all other distributions, we will withhold at a 10% rate. You may generally elect not to have tax withheld from

your payments. An election out of withholding must be made on forms that we provide.

State income tax withholding rules vary and we will withhold based on the rules of your State of residence. Special tax rules apply to withholding for nonresident aliens, and we generally withhold income tax for nonresident aliens at a 30% rate. A different withholding rate may be applicable to a nonresident alien based on the terms of an existing income tax treaty between the United States and the nonresident alien's country. Please refer to the **Contracts Held By Tax Favored Plans** section for withholding rules for tax favored plans (for example, an IRA).

Regardless of the amount withheld by us, you are liable for payment of federal and state income tax on the taxable portion of annuity distributions. You should consult with your tax advisor regarding the payment of the correct amount of these income taxes and potential liability if you fail to pay such taxes.

Annuity Qualification

Diversification And Investor Control In order to qualify for the tax rules applicable to annuity contracts described above, the contract must be an annuity contract for tax purposes. This means that the assets underlying the annuity contract must be diversified, according to certain rules. It also means that we, and not you as the contract-owner, must have sufficient control over the underlying assets to be treated as the owner of the underlying assets for tax purposes. We believe these rules, which are further discussed in the Statement of Additional Information, will be met.

Required Distributions Upon Your Death Upon your death, certain distributions must be made under the contract. The required distributions depend on whether you die before you start taking annuity payments under the contract or after you start taking annuity payments under the contract.

If you die on or after the annuity date, the remaining portion of the interest in the contract must be distributed at least as rapidly as under the method of distribution being used as of the date of death.

If you die before the annuity date, the entire interest in the contract must be distributed within 5 years after

the date of death. However, if an annuity payment option is selected by your designated beneficiary and if annuity payments begin within 1 year of your death, the value of the contract may be distributed over the beneficiary's life or a period not exceeding the beneficiary's life expectancy. Your designated beneficiary is the person to whom benefit rights under the contract pass by reason of death, and must be a natural person in order to elect an annuity payment option based on life expectancy or a period exceeding five years.

If any portion of the contract is payable to (or for the benefit of) your surviving spouse, that portion of the contract may be continued with your spouse as the owner.

Changes In The Contract We reserve the right to make any changes we deem necessary to assure that the contract qualifies as an annuity contract for tax purposes. Any such changes will apply to all contract owners and you will be given notice to the extent feasible under the circumstances.

Additional Information

You should refer to the Statement of Additional Information if:

- The contract is held by a corporation or other entity instead of by an individual or as agent for an individual.
- Your contract was issued in exchange for a contract containing purchase payments made before August 14, 1982.
- You transfer your contract to, or designate, a beneficiary who is either 37½ years younger than you or a grandchild.

CONTRACTS HELD BY TAX FAVORED PLANS

The following discussion covers annuity contracts held under tax-favored retirement plans. Currently, the contract may be purchased for use in connection with individual retirement accounts and annuities (IRAs) which are subject to Sections 408(a), 408(b) and 408A of the Internal Revenue Code of 1986, as amended (Code). This description assumes that you have satisfied the requirements for eligibility for these products.

You should be aware that tax favored plans such as IRAs generally provide tax deferral regardless whether they invest in annuity contracts. This means that when a tax favored plan invests in an annuity contract, it generally does not result in any additional tax deferral benefits.

Types of Tax Favored Plans

IRAs If you buy a contract for use as an IRA, we will provide you a copy of the prospectus and contract. The "IRA Disclosure Statement" on page 52 contains information about eligibility, contribution limits, tax particulars, and other IRA information. In addition to this information (some of which is summarized below), the IRS requires that you have a "free look" after making an initial contribution to the contract. During this time, you can cancel the contract by notifying us in writing, and we will refund all of the purchase payments under the contract (or, if provided by applicable state law, the amount credited under the contract, calculated as of the date that we receive this cancellation notice, if greater), less any applicable federal and state income tax withholding.

Contributions Limits/Rollovers: Because of the way the contract is designed, you may only purchase a contract for an IRA in connection with a "rollover" of amounts from a qualified retirement plan or transfer from another IRA. You must make a minimum initial payment of \$10,000 to purchase a contract. This minimum is greater than the maximum amount of any annual contribution allowed by law you may make to an IRA. In 2003 and 2004 the limit is \$3,000; increasing in 2005 to 2007, to \$4,000; and for 2008, \$5,000. After 2008 the contribution amount will be indexed for inflation. The tax law also provides for a catch-up provision for individuals who are age 50 and above. These taxpayers will be permitted to contribute an additional \$500 in years 2003 to 2005 and an additional \$1,000 in 2006 and years thereafter). The "rollover" rules under the Code are fairly technical; however, an individual (or his or her surviving spouse) may generally "roll over" certain distributions from tax favored retirement plans (either directly or within 60 days from the date of these distributions) if he or she

8:

Tax Considerations Associated with the Strategic Partners Annuity One Contract *continued*

meets the requirements for distribution. Once you buy the contract, you can make regular IRA contributions under the contract (to the extent permitted by law). However, if you make such regular IRA contributions, you should note that you will not be able to treat the contract as a "conduit IRA," which means that you will not retain possible favorable tax treatment if you subsequently "roll over" the contract funds originally derived from a qualified retirement plan or TDA into another Section 401(a) plan or TDA.

Required Provisions: Contracts that are IRAs (or endorsements that are part of the contract) must contain certain provisions:

- You, as owner of the contract, must be the "annuitant" under the contract (except in certain cases involving the division of property under a decree of divorce);
- Your rights as owner are non-forfeitable;
- You cannot sell, assign or pledge the contract, other than to Pruco Life of New Jersey;
- The annual premium you pay cannot be greater than the maximum amount allowed by law, including catch-up contributions if applicable (which does not include any rollover amounts);
- The date on which annuity payments must begin cannot be later than the April 1st of the calendar year after the calendar year you turn age 70^{1/2}; and
- Death and annuity payments must meet "minimum distribution requirements" (described below).

Usually, the full amount of any distribution from an IRA (including a distribution from this contract) which is not a rollover is taxable. As taxable income, these distributions are subject to the general tax withholding rules described earlier. In addition to this normal tax liability, you may also be liable for the following, depending on your actions:

- A 10% "early distribution penalty" (described below);
- Liability for "prohibited transactions" if you, for example, borrow against the value of an IRA; or
- Failure to take a minimum distribution (also generally described below).

ROTH IRAs Like standard IRAs, income within a Roth IRA accumulates tax-free, and contributions are subject to specific limits. Roth IRAs have, however, the following differences:

- Contributions to a Roth IRA cannot be deducted from your gross income;
- "Qualified distributions" (generally, held for 5 tax years and payable on account of death, disability, attainment of age 59^{1/2}, or first time-homebuyer) from Roth IRAs are excludable from your gross income; and
- If eligible, you may make contributions to a Roth IRA after attaining age 70^{1/2}, and distributions are not required to begin upon attaining such age or at any time thereafter.

Because the contract's minimum initial payment of \$10,000 is greater than the maximum annual contribution permitted to be made to a Roth IRA, you may purchase a contract as a Roth IRA only in connection with a "rollover" or "conversion" of the proceeds of another traditional IRA, conduit IRA, SEP, SIMPLE-IRA, or Roth IRA. The Code permits persons who meet certain income limitations (generally, adjusted gross income under \$100,000), and who receive certain qualifying distributions from such non-Roth IRAs, to directly rollover or make, within 60 days, a "rollover" of all or any part of the amount of such distribution to a Roth IRA which they establish. This conversion triggers current taxation (but is not subject to a 10% early distribution penalty). Once the contract has been purchased, regular Roth IRA contributions will be accepted to the extent permitted by law.

Minimum Distribution Requirements and Payment Option

If you hold the contract under an IRA (or other tax-favored plan), IRS minimum distribution requirements must be satisfied. This means that payments must start by April 1 of the year after the year you reach age 70^{1/2} and must be made for each year thereafter. The amount of the payment must at least equal the minimum required under the IRS rules. Several choices are available for calculating the minimum amount,

including a new method permitted under IRS regulations released in April 2002. More information on the mechanics of this calculation is available on request. Please contact us a reasonable time before the IRS deadline so that a timely distribution is made. Please note that there is a 50% IRS penalty tax on the amount of any minimum distribution not made in a timely manner.

You can use the Minimum Distribution option to satisfy the IRS minimum distribution requirements for this contract without either beginning annuity payments or surrendering the contract. We will send you a check for this minimum distribution amount, less any other partial withdrawals that you made during the year.

Penalty for Early Withdrawals

You may owe a 10% tax penalty on the taxable part of distributions received from an IRA, SEP, SIMPLE-IRA (which may increase to 25%), Roth IRA, TDA or qualified retirement plan before you attain age 59½. There are only limited exceptions to this tax, and you should consult your tax adviser for further details.

Withholding

Unless a distribution is an eligible rollover distribution that is "directly" rolled over into another qualified plan, IRA (including the IRA variations described above), SEP, 457 government plan or TDA, we will withhold at the rate of 20%. This 20% withholding does not apply to distributions from IRAs and Roth IRAs. For all other distributions, unless you elect otherwise, we will withhold federal income tax from the taxable portion of such distribution at an appropriate percentage. The rate of withholding on annuity payments where no mandatory withholding is required is determined on the basis of the withholding certificate that you file with us. If you do not file a certificate, we will automatically withhold federal taxes on the following basis:

- For any annuity payments not subject to mandatory withholding, you will have taxes withheld by us as if you are a married individual, with 3 exemptions; and
- For all other distributions, we will withhold at a 10% rate.

We will provide you with forms and instructions concerning the right to elect that no amount be withheld from payments in the ordinary course. However, you should know that, in any event, you are liable for payment of federal income taxes on the taxable portion of the distributions, and you should consult with your tax advisor to find out more information on your potential liability if you fail to pay such taxes.

ERISA Disclosure/Requirements

ERISA (the "Employee Retirement Income Security Act of 1974") and the Code prevents a fiduciary and other "parties in interest" with respect to a plan (and, for these purposes, an IRA would also constitute a "plan") from receiving any benefit from any party dealing with the plan, as a result of the sale of the contract. Administrative exemptions under ERISA generally permit the sale of insurance/annuity products to plans, provided that certain information is disclosed to the person purchasing the contract. This information has to do primarily with the fees, charges, discounts and other costs related to the contract, as well as any commissions paid to any agent selling the contract.

Information about any applicable fees, charges, discounts, penalties or adjustments may be found under "What are the Expenses Associated with the Strategic Partners Annuity One Contract" starting on page 36.

Information about sales representatives and commissions may be found under "Other Information" and "Sale and Distribution of the Contract" on page 47.

In addition, other relevant information required by the exemptions is contained in the contract and accompanying documentation. Please consult your tax advisor if you have any additional questions.

Spousal Consent Rules for Retirement Plans — Qualified Contracts

If you are married at the time your payments commence, you may be required by federal law to choose an income option that provides survivor annuity income to your spouse, unless your spouse waives that right. Similarly, if you are married at the time of your

8:

Tax Considerations Associated with the Strategic Partners Annuity One Contract *continued*

death, federal law may require all or a portion of the death benefit to be paid to your spouse, even if you designated someone else as your beneficiary. A brief explanation of the applicable rules follows. For more information, consult the terms of your retirement arrangement.

Defined Benefit Plans, Money Purchase Pension Plans, and ERISA 403(b) Annuities. If you are married at the time your payments commence, federal law requires that benefits be paid to you in the form of a "qualified joint and survivor annuity" ("QJSA"), unless you and your spouse waive that right, in writing. Generally, this means that you will receive a reduced payment during your life and, upon your death, your spouse will receive at least one-half of what you were receiving for life. You may elect to receive another income option if your spouse consents to the election and waives his or her right to receive the QJSA. If your spouse consents to the alternative form of payment, your spouse may not receive any benefits from the plan upon your death. Federal law also requires that the plan pay a death benefit to your spouse if you are married and die before you begin receiving your benefit. This benefit must be available in the form of an annuity for your spouse's lifetime and is called a "qualified pre-retirement survivor annuity" ("QPSA"). If the plan pays death benefits to other beneficiaries, you may elect to have a beneficiary other than your spouse receive the

death benefit, but only if your spouse consents to the election and waives his or her right to receive the QPSA. If your spouse consents to the alternate beneficiary, your spouse will receive no benefits from the plan upon your death. Any QPSA waiver prior to your attaining age 35 will become null and void on the first day of the calendar year in which you attain age 35, if still employed.

Defined Contribution Plans (including 401(k) Plans). Spousal consent to a distribution is generally not required. Upon your death, your spouse will receive the entire death benefit, even if you designated someone else as your beneficiary, unless your spouse consents in writing to waive this right. Also, if you are married and elect an annuity as a periodic income option, federal law requires that you receive a QJSA (as described above), unless you and your spouse consent to waive this right.

IRAs, non-ERISA 403(b) Annuities, and 457 Plans. Spousal consent to a distribution is not required. Upon your death, any death benefit will be paid to your designated beneficiary.

Additional Information

For additional information about federal tax law requirements applicable to tax favored plans, see the "IRA Disclosure Statement" on page 52.

9:

Other

Information

PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY

Pruco Life Insurance Company of New Jersey (Pruco Life of New Jersey) is a stock life insurance company organized in 1982 under the laws of the State of New Jersey. It is licensed to sell life insurance and annuities in New Jersey and New York, and accordingly is subject to the laws of each of those states.

Pruco Life of New Jersey is an indirect, wholly-owned subsidiary of The Prudential Insurance Company of America (Prudential), a New Jersey stock life insurance company doing business since 1875. Prudential is an indirect wholly-owned subsidiary of Prudential Financial, Inc. (Prudential Financial), a New Jersey insurance holding company. As Pruco Life of New Jersey's ultimate parent, Prudential Financial exercises significant influence over the operations and capital structure of Pruco Life of New Jersey and Prudential. However, neither Prudential Financial, Prudential, nor any other related company has any legal responsibility to pay amounts that Pruco Life of New Jersey may owe under the contract.

Pruco Life of New Jersey publishes annual and quarterly reports that are filed with the SEC. These reports contain financial information about Pruco Life of New Jersey that is annually audited by independent accountants. Pruco Life of New Jersey's annual report for the year ended December 31, 2002, together with subsequent periodic reports that Pruco Life of New Jersey files with the SEC, are incorporated by reference into this prospectus. You can obtain copies, at no cost, of any and all of this information, including the Pruco Life of New Jersey annual report that is not ordinarily mailed to contractholders, the more current reports and any subsequently filed documents at no cost by contacting us at the address or telephone number listed on the cover. The SEC file number for Pruco Life of New Jersey is 33-18053. You may read and copy any filings made by Pruco Life of New Jersey with the SEC at the SEC's Public Reference Room at 450 Fifth Street, Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling 1- (202) 942-8090. The SEC maintains an Internet site that contains reports, proxy and

information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

THE SEPARATE ACCOUNT

We have established a separate account, the Pruco Life of New Jersey Flexible Premium Variable Annuity Account (the "separate account"), to hold the assets that are associated with the contracts. The separate account was established under New Jersey law on May 20, 1996, and is registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 as a unit investment trust, which is a type of investment company. The assets of the separate account are held in the name of Pruco Life of New Jersey and legally belong to us. These assets are kept separate from all of our other assets and may not be charged with liabilities arising out of any other business we may conduct. More detailed information about Pruco Life of New Jersey, including its audited financial statements, appears in the Statement of Additional Information.

SALE AND DISTRIBUTION OF THE CONTRACT

Prudential Investment Management Services LLC (PIMS), 100 Mulberry Street, Newark, New Jersey 07102-4077, acts as the distributor of the contracts under a "best efforts" underwriting agreement with Pruco Life of New Jersey under which PIMS is reimbursed for its costs and expenses. PIMS is an indirect wholly-owned subsidiary of Prudential Financial, Inc. and is a limited liability corporation organized under Delaware law in 1996. It is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc.

We pay the broker-dealer whose registered representatives sell the contract either:

- a commission of up to 8% of your purchase payments; or
- a combination of a commission on purchase payments and a "trail" commission — which is a commission determined as a percentage of your

9:

Other Information *continued*

contract value that is paid periodically over the life of your contract.

The commission amount quoted above is the maximum amount which is paid. In most circumstances, the registered representative who sold the contract will receive significantly less.

From time to time, Prudential or its affiliates may offer and pay non-cash compensation to registered representatives who sell the contract. For example, Prudential or an affiliate may pay for a training and education meeting that is attended by registered representatives of both Prudential-affiliated broker-dealers and independent broker-dealers. Prudential and its affiliates retain discretion as to which broker-dealers to offer non-cash (and cash) compensation arrangements, and will comply with NASD rules and other pertinent laws in making such offers and payments. Our payment of cash or non-cash compensation in connection with sales of the contract does not result directly in any additional charge to you.

LITIGATION

We are subject to legal and regulatory actions in the ordinary course of our business, including class action lawsuits. Pending legal and regulatory actions include proceedings that are specific to us and proceedings generally applicable to the businesses in which we operate. We are also subject to litigation arising out of our general business activities, such as our investments and third party contracts. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages.

We have been subject to substantial regulatory actions and civil litigation, including class actions, involving individual life insurance sales practices from 1982 through 1995. As of January 31, 2003, Pruco Life of New Jersey has resolved those regulatory actions, its sales practices class action litigation and all of the individual sales practices actions filed by policyholders who "opted out" of the sales practices class action. Prudential has indemnified Pruco Life of New Jersey for any liabilities incurred in connection with sales practices litigation covering policyholders of individual permanent

life insurance policies issued in the United States from 1982 to 1995.

Pruco Life of New Jersey's litigation is subject to many uncertainties, and given the complexity and scope, the outcomes cannot be predicted. It is possible that the results of operations or the cash flow of Pruco Life of New Jersey in a particular quarterly or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation and regulatory matters. Management believes, however, that the ultimate outcome of all pending litigation and regulatory matters should not have a material adverse effect on Pruco Life of New Jersey's financial position.

ASSIGNMENT

You can assign the contract at any time during your lifetime. If you do so, we will reset the death benefit to equal the contract value on the date the assignment occurs. For details, see "What is the Death Benefit," on page 30. We will not be bound by the assignment until we receive written notice. We will not be liable for any payment or other action we take in accordance with the contract if that action occurs before we receive notice of the assignment. An assignment, like any other change in ownership, may trigger a taxable event.

If the contract is issued under a qualified plan, there may be limitations on your ability to assign the contract. For further information please speak to your representative.

FINANCIAL STATEMENTS

The financial statements of the separate account and Pruco Life of New Jersey, the co-issuer of the Strategic Partners Annuity One contract, are included in the Statement of Additional Information.

STATEMENT OF ADDITIONAL INFORMATION

Contents:

- Company
- Experts
- Principal Underwriter
- Allocation of Initial Purchase Payment
- Determination of Accumulation Unit Values
- Performance Information

- Comparative Performance Information and Advertising
- Federal Tax Status
- Directors and Officers
- Financial Statements

HOUSEHOLDING

To reduce costs, we now send only a single copy of prospectuses and shareholder reports to each

consenting household, in lieu of sending a copy to each contractholder that resides in the household. If you are a member of such a household, you should be aware that you can revoke your consent to householding at any time, and begin to receive your own copy of prospectuses and shareholder reports, by calling 1-877-778-5008.

Contract described herein is no longer available for sale.

Market-Value

Adjustment Formula

MARKET-VALUE ADJUSTMENT FORMULA

The general formula under which Pruco Life of New Jersey calculates the market value adjustment applicable to a full or partial surrender, annuitization, or settlement under Strategic Partners Annuity One is set forth below. The market value adjustment is expressed as a multiplier factor. That is, the Contract Value after the market value adjustment ("MVA"), but before any withdrawal charge, is as follows: Contract Value (after MVA) = Contract Value (before MVA) × (1 + MVA). The MVA itself is calculated as follows:

$$MVA = \left[\left(\frac{1 + I}{1 + J + .0025} \right)^{N/12} \right] - 1$$

where: I = the guaranteed credited interest rate (annual effective) for the given contract at the time of withdrawal or annuitization or settlement.

J = the interpolated current credited interest rate offered on new money at the time of withdrawal, annuitization, or settlement. (See below for the interpolation formula)

N = equals the remaining number of months in the contract's current guarantee period (rounded up) at the time of withdrawal or annuitization or settlement.

The MVA formula with respect to contracts issued in New York is what is depicted above. The formula uses an interpolated rate "J" as the current credited interest rate. Specifically, "J" is the interpolated current credited interest rate offered on new money at the time of withdrawal, annuitization, or settlement. The interpolated value is calculated using the following formula:

$$m/365 \times (n + 1) \text{ year rate} + (365 - m)/365 \times n \text{ year rate},$$

where "n" equals the number of whole years remaining in the Contract's current guarantee period, and "m" equals the number of days remaining in year "n" of the current guarantee period.

MARKET VALUE ADJUSTMENT EXAMPLE

The following will illustrate the application of the Market Value Adjustment. For simplicity, surrender charges are ignored in this example.

Positive market value adjustment

- Suppose a contract owner made an invested purchase payment of \$10,000 on July 1, 2000 and received a guaranteed interest rate of 6% for 5 years. A request to surrender the contract is made on May 1, 2002. At the time, the Contract Value will have accumulated to \$11,127.11. The number of whole years remaining in the guarantee period is 3.
- On May 1, 2002 the interest rate declared by Pruco Life for a guarantee period of 3 years (the number of whole years remaining) is 4%, and for a guarantee period of 4 years (the number of whole years remaining plus 1) is 5%.

The following computations would be made:

- 1) Determine the Market Value Adjustment factor.

$$N = 38$$

$$I = 6\% (0.06)$$

$$J = [(61/365) \times 0.05] + [(365-61)/365] \times 0.04 = 0.0417$$

The MVA factor calculation would be:

$$[(1.06)/(1.0417 + 0.0025)]^{38/12} - 1 = 0.04902$$

- 2) Multiply the Contract Value by the factor calculated in Step 1.

$$\$11,127.11 \times 0.04902 = \$545.45$$

- 3) Add together the Market Value Adjustment and the Contract Value to get the total Contract Surrender Value.

$$\$11,127.11 + \$545.45 = \$11,672.56$$

The MVA may not always be positive. Here is an example where it is negative.

- Suppose a contract owner made an invested purchase payment of \$10,000 on July 1, 2000 and received a guaranteed interest rate of 6% for 5 years. A request to surrender the contract is made on May 1, 2002. At the time, the Contract Value will have accumulated to \$11,127.11. The number of whole years remaining in the guarantee period is 3.
- On May 1, 2002 the interest rate declared by Pruco Life for a guarantee period of 3 years (the number

of whole years remaining) is 7%, and for a guarantee period of 4 years (the number of whole years remaining plus 1) is 8%.

The following computations would be made:

- 1) Determine the Market Value Adjustment factor.

$$N = 38$$

$$I = 6\% (0.06)$$

$$J = [(61/365) \times 0.08] + [((365 - 61)/365) \times 0.07] = 0.0717$$

The MVA factor calculation would be:

$$[(1.06)/(1.0717 + 0.0025)]^{38/12} - 1 = -0.04098$$

- 2) Multiply the Contract Value by the factor calculated in Step 1.

$$\$11,127.11 \times (-0.04098) = -\$455.99$$

- 3) Add together the Market Value Adjustment and the Contract Value to get the total Contract Surrender Value.

$$\$11,127.11 + (-\$455.99) = \$10,671.12$$

Contract described herein is no longer available for sale.

IRA Disclosure Statement

This statement is designed to help you understand the requirements of federal tax law which apply to your individual retirement annuity (IRA), your Roth IRA, your simplified employee pension IRA (SEP) for employer contributions, your Savings Incentive Match Plan for Employees (SIMPLE) IRA, or to one you purchase for your spouse. You can obtain more information regarding your IRA either from your sales representative or from any district office of the Internal Revenue Service. Those are federal tax law rules; state tax laws may vary.

FREE LOOK PERIOD

The annuity contract offered by this prospectus gives you the opportunity to return the contract for a full refund (less any applicable federal and state income tax withholding) within 10 days (or whatever period is required by applicable state law) after it is delivered. The amount of the refund is dictated by state law. This is a more liberal provision than is required in connection with IRAs. To exercise this "free-look" provision, return the contract to the representative who sold it you or to the Prudential Annuity Service Center at the address shown on the first page of this prospectus.

ELIGIBILITY REQUIREMENTS

IRAs are intended for all persons with earned compensation whether or not they are covered under other retirement programs. Additionally, if you have a non-working spouse (and you file a joint tax return), you may establish an IRA on behalf of your non-working spouse. A working spouse may establish his or her own IRA. A divorced spouse receiving taxable alimony (and no other income) may also establish an IRA.

CONTRIBUTIONS AND DEDUCTIONS

Contributions to your IRA will be deductible if you are not an "active participant" in an employer maintained qualified retirement plan or you have "Adjusted Gross Income" (as defined under Federal tax laws) which does not exceed the "applicable dollar limit." IRA (or SEP) contributions must be made by no later than the due date for filing your income tax return for that year, excluding extensions (generally by April 15th). For a

single taxpayer, the applicable dollar limitation is \$40,000 in 2003, with the amount of IRA contribution which may be deducted reduced proportionately for Adjusted Gross Income between \$40,000–\$50,000. For married couples filing jointly, the applicable dollar limitation is \$60,000, with the amount of IRA contribution which may be deducted reduced proportionately between \$60,000–\$70,000. There is no deduction allowed for IRA contributions when Adjusted Gross Income reaches \$50,000 for individuals and \$70,000 for married couples filing jointly. Income limits are scheduled to increase until 2006 for single taxpayers and 2007 for married taxpayers.

Contributions made by your employer to your SEP are excludable from your gross income for tax purposes in the calendar year for which the amount is contributed. Certain employees who participate in a SEP will be entitled to elect to have their employer make contributions to their SEP on their behalf or to receive the contributions in cash. If the employee elects to have contributions made on the employee's behalf to the SEP, those funds are not treated as current taxable income to the employee. Elective deferrals under a SEP are limited to \$12,000 in 2003, with a permitted catch-up contribution of \$2,000 for individuals age 50 and above. Contribution limits and catch-up contribution limits are scheduled to increase through 2006 and are indexed for inflation thereafter. Salary-reduction SEPs (also called "SARSEPs") are available only if at least 50% of the employees elect to have amounts contributed to the SARSEP and if the employer has 25 or fewer employees at all times during the preceding year. New SARSEPs may not be established after 1996.

The IRA maximum annual contribution is limited to the lesser of: (1) the maximum amount allowed by law, including catch-up contributions if applicable, or (2) 100% of your earned compensation. Contributions in excess of these limits may be subject to penalty. See below.

Under a SEP agreement, the maximum annual contribution which your employer may make on your behalf to a SEP contract that is excludable from your income is the lesser of 25% of your salary or \$40,000.

An employee who is a participant in a SEP agreement may make after-tax contributions to the SEP contract, subject to the contribution limits applicable to IRAs in general. Those employee contributions will be deductible subject to the deductibility rules described above.

The maximum tax deductible annual contribution that a divorced spouse with no other income may make to an IRA is the lesser of (1) the maximum amount allowed by law, including catch-up contributions if applicable or (2) 100% of taxable alimony.

If you or your employer should contribute more than the maximum contribution amount to your IRA or SEP, the excess amount will be considered an "excess contribution." You are permitted to withdraw an excess contribution from your IRA or SEP before your tax filing date without adverse tax consequences. If, however, you fail to withdraw any such excess contribution before your tax filing date, a 6% excise tax will be imposed on the excess for the tax year of contribution.

Once the 6% excise tax has been imposed, an additional 6% penalty for the following tax year can be avoided if the excess is (1) withdrawn before the end of the following year, or (2) treated as a current contribution for the following year. (See *Premature Distributions* below for penalties imposed on withdrawal when the contribution exceeds the maximum amount allowed by law, including catch-up contributions if applicable.)

IRA FOR NON-WORKING SPOUSE

If you establish an IRA for yourself, you may also be eligible to establish an IRA for your "non-working" spouse. In order to be eligible to establish such a spousal IRA, you must file a joint tax return with your spouse and, if your non-working spouse has compensation, his/her compensation must be less than your compensation for the year. Contributions of up to the maximum amount allowed by law, including catch-up contributions if applicable, may be made to your IRA and the spousal IRA if the combined compensation of you and your spouse is at least equal to the amount contributed. If requirements for deductibility (including

income levels) are met, you will be able to deduct an amount equal to the least of (i) the amount contributed to the IRAs; (ii) twice the maximum amount allowed by law, including catch-up contributions if applicable; or (iii) 100% of your combined gross income.

Contributions in excess of the contribution limits may be subject to penalty. See page 52 under "Contributions and Deductions." If you contribute more than the allowable amount, the excess portion will be considered an excess contribution. The rules for correcting it are the same as discussed above for regular IRAs.

Other than the items mentioned in this section, all of the requirements generally applicable to IRAs are also applicable to IRAs established for non-working spouses.

ROLLOVER CONTRIBUTION

Once every year, you are permitted to withdraw any portion of the value of your IRA or SEP and reinvest it in another IRA or bond. Withdrawals may also be made from other IRAs and contributed to this contract. This transfer of funds from one IRA to another is called a "rollover" IRA. To qualify as a rollover contribution, the entire portion of the withdrawal must be reinvested in another IRA within 60 days after the date it is received. You will not be allowed a tax-deduction for the amount of any rollover contribution.

A similar type of rollover to an IRA can be made with the proceeds of a qualified distribution from a qualified retirement plan or tax-sheltered annuity. Properly made, such a distribution will not be taxable until you receive payments from the IRA created with it. You may later roll over such a contribution to another qualified retirement plan. (You may roll less than all of a qualified distribution into an IRA, but any part of it not rolled over will be currently includable in your income without any capital gains treatment.) Funds can also be rolled over from an IRA or SEP to another IRA or SEP or to another qualified retirement plan or 457 government plan.

DISTRIBUTIONS

(a) Premature Distributions

At no time can your interest in your IRA or SEP be forfeited. To insure that your contributions will be used

IRA Disclosure Statement *continued*

for retirement, the federal tax law does not permit you to use your IRA or SEP as security for a loan. Furthermore, as a general rule, you may not sell or assign your interest in your IRA or SEP to anyone. Use of an IRA (or SEP) as security or assignment of it to another will invalidate the entire annuity. It then will be includable in your income in the year it is invalidated and will be subject to a 10% tax penalty if you are not at least age 59½ or totally disabled. (You may, however, assign your IRA or SEP without penalty to your former spouse in accordance with the terms of a divorce decree.)

You may surrender any portion of the value of your IRA (or SEP). In the case of a partial surrender which does not qualify as a rollover, the amount withdrawn will be includable in your income and subject to the 10% penalty if you are not at least age 59½ or totally disabled unless you comply with special rules requiring distributions to be made at least annually over your life expectancy.

The 10% tax penalty does not apply to the withdrawal of an excess contribution as long as the excess is withdrawn before the due date of your tax return. Withdrawals of excess contributions after the due date of your tax return will generally be subject to the 10% penalty unless the excess contribution results from erroneous information from a plan trustee making an excess rollover contribution or unless you are over age 59½ or are disabled.

(b) Distribution After Age 59½

Once you have attained age 59½ (or have become totally disabled), you may elect to receive a distribution of your IRA (or SEP) regardless of when you actually retire. In addition, you must commence distributions from your IRA by April 1 following the year you attain age 70½. You may elect to receive the distribution under any one of the periodic payment options available under the contract. The distributions from your IRA under any one of the periodic payment options or in one sum will be treated as ordinary income as you receive them to the degree that you have made deductible contributions. If you have made both

deductible and nondeductible contributions, the portion of the distribution attributable to the nondeductible contribution will be tax-free.

(c) Inadequate Distributions—50% Tax

Your IRA or SEP is intended to provide retirement benefits over your lifetime. Thus, federal tax law requires that you either (1) receive a lump-sum distribution of your IRA by April 1 of the year following the year in which you attain age 70½ or (2) start to receive periodic payments by that date. If you elect to receive periodic payments, those payments must be sufficient to pay out the entire value of your IRA during your life expectancy (or over the joint life expectancies of you and your spouse/beneficiary). The calculation method is revised under the IRS final regulations for distributions beginning in 2003. If the payments are not sufficient to meet these requirements, an excise tax of 50% will be imposed on the amount of any underpayment.

(d) Death Benefits

If you (or your surviving spouse) die before receiving the entire value of your IRA (or SEP), the remaining interest must be distributed to your beneficiary (or your surviving spouse's beneficiary) in one lump-sum by December 31st of the fifth year after your (or your surviving spouse's) death, or applied to purchase an immediate annuity for the beneficiary. This annuity must be payable over the life expectancy of the beneficiary beginning by December 31st of the year following the year after your or your spouse's death. If your spouse is the designated beneficiary, he or she is treated as the owner of the IRA. If minimum required distributions have begun, and no designated beneficiary is identified by December 31st of the year following the year of death, the entire amount must be distributed based on the life expectancy of the owner using the owner's age prior to death. A distribution of the balance of your IRA upon your death will not be considered a gift for federal tax purposes, but will be included in your gross estate for purposes of federal estate taxes.

ROTH IRAS

Section 408A of the Code permits eligible individuals to contribute to a type of IRA known as a "Roth IRA." Contributions may be made to a Roth IRA by taxpayers with adjusted gross incomes of less than \$160,000 for married individuals filing jointly and less than \$110,000 for single individuals. Married individuals filing separately are not eligible to contribute to a Roth IRA. The maximum amount of contributions allowable for any taxable year to all IRAs maintained by an individual is generally the lesser of the maximum amount allowed by law and 100% of compensation for that year (the maximum amount allowed by law is phased out for incomes between \$150,000 and \$160,000 for married and between \$95,000 and \$110,000 for singles). The contribution limit is reduced by the amount of any contributions made to a traditional IRA. Contributions to a Roth IRA are not deductible.

For taxpayers with adjusted gross income of \$100,000 or less, all or part of amounts in a traditional IRA may be converted, transferred or rolled over to a Roth IRA. Some or all of the IRA value will typically be includable in the taxpayer's gross income. Provided a rollover contribution meets the requirements of IRAs under Section 408(d)(3) of the Code, a rollover may be made from a Roth IRA to another Roth IRA.

Under some circumstances, it may not be advisable to roll over, transfer or convert all or part of a traditional IRA to a Roth IRA. Persons considering a rollover, transfer or conversion should consult their own tax advisor.

"Qualified distributions" from a Roth IRA are excludable from gross income. A "qualified distribution" is a distribution that satisfies two requirements: (1) the distribution must be made (a) after the owner of the IRA attains age 59½; (b) after

the owner's death; (c) due to the owner's disability; or (d) for a qualified first time homebuyer distribution within the meaning of Section 72(t)(2)(F) of the Code; and (2) the distribution must be made in the year that is at least five tax years after the first year for which a contribution was made to any Roth IRA established for the owner or five years after a rollover, transfer, or conversion was made from a traditional IRA to a Roth IRA. Distributions from a Roth IRA that are not qualified distributions will be treated as made first from contributions and then from earnings, and taxed generally in the same manner as distributions from a traditional IRA.

Distributions from a Roth IRA need not commence at age 70½. However, if the owner dies before the entire interest in a Roth IRA is distributed, any remaining interest in the contract must be distributed under the same rules applied to traditional IRAs where death occurs before the required beginning date.

The contract may not be available to Roth IRA's in New York.

REPORTING TO THE IRS

Whenever you are liable for one of the penalty taxes discussed above (6% for excess contributions, 10% for premature distributions or 50% for underpayments), you must file Form 5329 with the Internal Revenue Service. The form is to be attached to your federal income tax return for the tax year in which the penalty applies. Normal contributions and distributions must be shown on your income tax return for the year to which they relate. Beginning in January 2004, if you were at least 70½ at the end of the prior year, we will indicate to you and to the IRS, on Form 5498, that your account is subject to minimum required distributions.

APPENDIX

Accumulation Unit Values

As we have indicated throughout this prospectus, the Strategic Partners Annuity One Variable Annuity is a contract that allows you to select or decline any of several features that carries with it a specific asset-based charge. We maintain a unique unit value corresponding to each combination of such Contract features. Here we depict the historical unit values corresponding to the contract features bearing the highest and lowest combinations of asset-based charges during the periods September 24, 2001 to December 31, 2001 and January 1, 2002 to December 31, 2002. During those periods, the highest combination of asset-based charges amounted to 1.60%, and the lowest combination of asset-based charges amounted to 1.40%. Under the version of the contracts described in this prospectus, the highest combinations of asset-based charges now amounts to 1.75%, while the lowest combination of asset-based charges remains at 1.40%.

Contract described herein is no longer available for sale.

Accumulation Unit Values

ACCUMULATION UNIT VALUES:

AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS (BASE DEATH BENEFIT 1.40)

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
Jennison Portfolio			
9/24/2001* to 12/31/2001	\$0.54236	\$0.65768	17,289
1/1/2002 to 12/31/2002	\$0.65768	\$0.44784	812,336
Prudential Equity Portfolio			
2/4/2002* to 12/31/2002	\$0.97750	\$0.78176	0
Prudential Global Portfolio			
9/24/2001* to 12/31/2001	\$0.59967	\$0.71233	39,194
1/1/2002 to 12/31/2002	\$0.71233	\$0.52578	203,321
Prudential Money Market Portfolio			
9/24/2001* to 12/31/2001	\$1.03702	\$1.04061	113,402
1/1/2002 to 12/31/2002	\$1.04061	\$1.04179	1,727,696
Prudential Stock Index Portfolio			
9/24/2001* to 12/31/2001	\$0.69176	\$0.79064	264,980
1/1/2002 to 12/31/2002	\$0.79064	\$0.60663	1,363,447
Prudential Value Portfolio			
2/4/2002* to 12/31/2002	\$0.97746	\$0.79350	0
SP Aggressive Growth Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.64672	\$0.75207	0
1/1/2002 to 12/31/2002	\$0.75207	\$0.57727	43,271
SP AIM Aggressive Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.54732	\$0.63765	10,365
1/1/2002 to 12/31/2002	\$0.63765	\$0.49707	86,578
SP AIM Core Equity Income Portfolio			
9/24/2001* to 12/31/2001	\$0.54178	\$0.64005	14,982
1/1/2002 to 12/31/2002	\$0.64005	\$0.53519	149,702
SP Alliance Large Cap Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.60919	\$0.71906	66,232
1/1/2002 to 12/31/2002	\$0.71906	\$0.48794	292,167
SP Alliance Technology Portfolio			
9/24/2001* to 12/31/2001	\$0.43439	\$0.56163	2,183
1/1/2002 to 12/31/2002	\$0.56163	\$0.32494	0
SP Balanced Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.82277	\$0.91008	22,347
1/1/2002 to 12/31/2002	\$0.91008	\$0.79270	1,722,663

* Commencement of Business

THIS CHART CONTINUES ON THE NEXT PAGE

ACCUMULATION UNIT VALUES (CONTINUED):

AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS (BASE DEATH BENEFIT 1.40)

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
SP Conservative Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.91719	\$0.98804	203,977
1/1/2002 to 12/31/2002	\$0.98804	\$0.91698	1,154,774
SP Davis Value Portfolio			
9/24/2001* to 12/31/2001	\$0.77575	\$0.89451	278,355
1/1/2002 to 12/31/2002	\$0.89451	\$0.74364	993,136
SP Deutsche International Equity Portfolio			
9/24/2001* to 12/31/2001	\$0.64820	\$0.72585	68,974
1/1/2002 to 12/31/2002	\$0.72585	\$0.59296	506,591
SP Growth Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.72844	\$0.82679	64,201
1/1/2002 to 12/31/2002	\$0.82679	\$0.67465	978,358
SP INVESCO Small Company Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.54633	\$0.68188	70,633
1/1/2002 to 12/31/2002	\$0.68188	\$0.46899	330,189
SP Jennison International Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.48213	\$0.53757	115,055
1/1/2002 to 12/31/2002	\$0.53757	\$0.41046	244,197
SP Large Cap Value Portfolio			
9/24/2001* to 12/31/2001	\$0.84297	\$0.94081	155,729
1/1/2002 to 12/31/2002	\$0.94081	\$0.77601	633,212
SP MFS Capital Opportunities Portfolio			
9/24/2001* to 12/31/2001	\$0.57978	\$0.69040	2,396
1/1/2002 to 12/31/2002	\$0.69040	\$0.48564	75,843
SP Mid Cap Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.60415	\$0.75936	14,528
1/1/2002 to 12/31/2002	\$0.75936	\$0.40193	290,991
SP PIMCO High Yield Portfolio			
9/24/2001* to 12/31/2001	\$1.00341	\$1.04100	52,379
1/1/2002 to 12/31/2002	\$1.04100	\$1.02813	586,315
SP PIMCO Total Return Portfolio			
9/24/2001* to 12/31/2001	\$1.12213	\$1.12247	337,616
1/1/2002 to 12/31/2002	\$1.12247	\$1.21092	3,182,506
SP Prudential US Emerging Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.55673	\$0.67759	127,630
1/1/2002 to 12/31/2002	\$0.67759	\$0.45382	515,134

* Commencement of Business

THIS CHART CONTINUES ON THE NEXT PAGE

ACCUMULATION UNIT VALUES (CONTINUED):

AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS (BASE DEATH BENEFIT 1.40)

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
SP Small/Mid Cap Value Portfolio			
9/24/2001* to 12/31/2001	\$0.94433	\$1.12776	118,985
1/1/2002 to 12/31/2002	\$1.12776	\$0.95217	622,239
SP Strategic Partners Focused Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.56746	\$0.66171	103,999
1/1/2002 to 12/31/2002	\$0.66171	\$0.48778	210,262
Janus Aspen Series—Growth Portfolio Service Shares			
9/24/2001* to 12/31/2001	\$0.53146	\$0.61510	39,883
1/1/2002 to 12/31/2002	\$0.61510	\$0.44459	151,505

* Commencement of Business

Contract described herein is no longer available for sale.

ACCUMULATION UNIT VALUES:

AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS (GMDB Step-up 1.60)

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
Jennison Portfolio			
9/24/2001* to 12/31/2001	\$0.54132	\$0.65613	21,838
1/1/2002 to 12/31/2002	\$0.65613	\$0.44585	2,313,416
Prudential Equity Portfolio			
2/4/2002* to 12/31/2002	\$0.97748	\$0.78020	0
Prudential Global Portfolio			
9/24/2001* to 12/31/2001	\$0.59848	\$0.71047	60,169
1/1/2002 to 12/31/2002	\$0.71047	\$0.52344	383,779
Prudential Money Market Portfolio			
9/24/2001* to 12/31/2001	\$1.03505	\$1.03811	298,500
1/1/2002 to 12/31/2002	\$1.03811	\$1.03754	3,715,975
Prudential Stock Index Portfolio			
9/24/2001* to 12/31/2001	\$0.69027	\$0.78853	225,427
1/1/2002 to 12/31/2002	\$0.78853	\$0.60378	1,595,243
Prudential Value Portfolio			
2/4/2002* to 12/31/2002	\$0.97744	\$0.79207	0
SP Aggressive Growth Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.64539	\$0.75015	0
1/1/2002 to 12/31/2002	\$0.75015	\$0.57468	256,684
SP AIM Aggressive Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.54622	\$0.63604	40,490
1/1/2002 to 12/31/2002	\$0.63604	\$0.49487	341,275
SP AIM Core Equity Portfolio			
9/24/2001* to 12/31/2001	\$0.54069	\$0.63843	39,995
1/1/2002 to 12/31/2002	\$0.63843	\$0.53285	600,651
SP Alliance Large Cap Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.60796	\$0.71726	86,888
1/1/2002 to 12/31/2002	\$0.71726	\$0.48575	637,494
SP Alliance Technology Portfolio			
9/24/2001* to 12/31/2001	\$0.43357	\$0.56029	40,365
1/1/2002 to 12/31/2002	\$0.56029	\$0.32356	177,153
SP Balanced Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.82123	\$0.90789	68,280
1/1/2002 to 12/31/2002	\$0.90789	\$0.78925	3,183,687

* Commencement of Business

THIS CHART CONTINUES ON THE NEXT PAGE

ACCUMULATION UNIT VALUES (CONTINUED):

AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS (GMDB Step-up 1.60)

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
SP Conservative Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.91564	\$0.98589	403,833
1/1/2002 to 12/31/2002	\$0.98589	\$0.91328	1,722,942
SP Davis Value Portfolio			
9/24/2001* to 12/31/2001	\$0.77429	\$0.89231	363,816
1/1/2002 to 12/31/2002	\$0.89231	\$0.74041	2,271,910
SP Deutsche International Equity Portfolio			
9/24/2001* to 12/31/2001	\$0.64692	\$0.72410	100,007
1/1/2002 to 12/31/2002	\$0.72410	\$0.59035	532,579
SP Growth Asset Allocation Portfolio			
9/24/2001* to 12/31/2001	\$0.72697	\$0.82464	124,984
1/1/2002 to 12/31/2002	\$0.82464	\$0.67156	2,589,912
SP INVESCO Small Company Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.54523	\$0.68010	32,857
1/1/2002 to 12/31/2002	\$0.68010	\$0.46689	293,479
SP Jennison International Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.48111	\$0.53612	96,107
1/1/2002 to 12/31/2002	\$0.53612	\$0.40856	623,737
SP Large Cap Value Portfolio			
9/24/2001* to 12/31/2001	\$0.84130	\$0.93845	207,057
1/1/2002 to 12/31/2002	\$0.93845	\$0.77254	1,170,298
SP MFS Capital Opportunities Portfolio			
9/24/2001* to 12/31/2001	\$0.57869	\$0.68879	36,380
1/1/2002 to 12/31/2002	\$0.68879	\$0.48353	234,791
SP Mid Cap Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.60297	\$0.75748	119,204
1/1/2002 to 12/31/2002	\$0.75748	\$0.40007	728,621
SP PIMCO High Yield Portfolio			
9/24/2001* to 12/31/2001	\$1.00162	\$1.03861	132,714
1/1/2002 to 12/31/2002	\$1.03861	\$1.02373	991,776
SP PIMCO Total Return Portfolio			
9/24/2001* to 12/31/2001	\$1.11989	\$1.11959	610,106
1/1/2002 to 12/31/2002	\$1.11959	\$1.20552	5,253,102
SP Prudential US Emerging Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.55569	\$0.67599	106,297
1/1/2002 to 12/31/2002	\$0.67599	\$0.45191	651,808

* Commencement of Business

THIS CHART CONTINUES ON THE NEXT PAGE

ACCUMULATION UNIT VALUES (CONTINUED):

AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS (GMDB Step-up 1.60)

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
SP Small/Mid Cap Value Portfolio			
9/24/2001* to 12/31/2001	\$0.94250	\$1.12495	229,314
1/1/2002 to 12/31/2002	\$1.12495	\$0.94801	1,139,082
SP Strategic Partners Focused Growth Portfolio			
9/24/2001* to 12/31/2001	\$0.56634	\$0.66006	116,783
1/1/2002 to 12/31/2002	\$0.66006	\$0.48552	389,235
Janus Aspen Series—Growth Portfolio Service Shares			
9/24/2001* to 12/31/2001	\$0.67664	\$0.61352	71,266
1/1/2002 to 12/31/2002	\$0.61352	\$0.44250	292,610

* Commencement of Business

Contract described herein is no longer available for sale.

Contract described herein is no longer available for sale.

This page intentionally left blank

Contract described herein is no longer available for sale.

This page intentionally left blank

Part III Prospectuses

Variable Investment Options

Contract described herein is no longer available for sale.

Contract described herein is no longer available for sale.

This page intentionally left blank

Contract described herein is no longer available for sale.

The Prudential Series Fund, Inc.

Prospectus

May 1, 2003

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

Equity Portfolio
Global Portfolio
Jennison Portfolio
Money Market Portfolio
Stock Index Portfolio
Value Portfolio
SP AIM Aggressive Growth Portfolio
SP AIM Core Equity Portfolio
SP Alliance Large Cap Growth Portfolio
SP Alliance Technology Portfolio
SP Davis Value Portfolio
SP Deutsche International Equity Portfolio
SP INVESCO Small Company Growth Portfolio
SP Jennison International Growth Portfolio
SP Large Cap Value Portfolio
SP MFS Capital Opportunities Portfolio
SP Mid Cap Growth Portfolio
SP PIMCO High Yield Portfolio
SP PIMCO Total Return Portfolio
SP Prudential U.S. Emerging Growth Portfolio
SP Small/Mid Cap Value Portfolio
SP Strategic Partners Focused Growth Portfolio
SP Aggressive Growth Asset Allocation Portfolio
SP Balanced Asset Allocation Portfolio
SP Conservative Asset Allocation Portfolio
SP Growth Asset Allocation Portfolio

Prudential  **Financial**

As with all mutual funds, the Securities and Exchange Commission has not approved or disapproved the Fund's shares nor has the SEC determined that this prospectus is complete or accurate. It is a criminal offense to state otherwise.

A particular Portfolio may not be available under the variable life insurance or variable annuity contract which you have chosen. The prospectus of the specific contract which you have chosen will indicate which Portfolios are available and should be read in conjunction with this prospectus.

Table of Contents

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

1	INVESTMENT OBJECTIVES AND PRINCIPAL STRATEGIES OF THE PORTFOLIOS
11	PRINCIPAL RISKS
14	EVALUATING PERFORMANCE
40	FEES AND EXPENSES OF INVESTING IN THE PORTFOLIOS
43	MORE DETAILED INFORMATION ON HOW THE PORTFOLIOS INVEST
43	Investment Objectives and Policies
43	Equity Portfolio
44	Global Portfolio
44	Jennison Portfolio
45	Money Market Portfolio
46	Stock Index Portfolio
47	Value Portfolio
48	SP AIM Aggressive Growth Portfolio
49	SP AIM Core Equity Portfolio
51	SP Alliance Large Cap Growth Portfolio
52	SP Alliance Technology Portfolio
53	SP Davis Value Portfolio
54	SP Deutsche International Equity Portfolio
57	SP INVESCO Small Company Growth Portfolio
57	SP Jennison International Growth Portfolio
59	SP Large Cap Value Portfolio
60	SP MFS Capital Opportunities Portfolio
61	SP Mid Cap Growth Portfolio (formerly, SP MFS Mid Cap Growth Portfolio)
62	SP PIMCO High Yield Portfolio
63	SP PIMCO Total Return Portfolio
65	SP Prudential U.S. Emerging Growth Portfolio
67	SP Small/Mid Cap Value Portfolio
68	SP Strategic Partners Focused Growth Portfolio
71	SP Asset Allocation Portfolios
72	SP Aggressive Growth Asset Allocation Portfolio
72	SP Balanced Asset Allocation Portfolio
73	SP Conservative Asset Allocation Portfolio
73	SP Growth Asset Allocation Portfolio
74	MORE DETAILED INFORMATION ABOUT OTHER INVESTMENTS AND STRATEGIES USED BY THE PORTFOLIOS
74	American Depositary Receipts
74	Asset-Backed Securities
74	Collateralized Debt Obligations
74	Convertible Debt and Convertible Preferred Stock
74	Credit Default Swaps
74	Credit-Linked Securities
74	Derivatives
74	Dollar Rolls
74	Equity Swaps
74	Event-Linked Bonds
75	Forward Foreign Currency Exchange Contracts
75	Futures Contracts

Table of Contents (continued)

75	Interest Rate Swaps
75	Joint Repurchase Account
75	Loans and Assignments
75	Mortgage-related Securities
76	Options
76	Real Estate Investment Trusts
76	Repurchase Agreements
76	Reverse Repurchase Agreements
76	Short Sales
76	Short Sales Against-the-Box
76	Swap Options
77	Swaps
77	Total Return Swaps
77	When-Issued and Delayed Delivery Securities
77	HOW THE FUND IS MANAGED
77	Board of Directors
77	Investment Adviser
79	Investment Subadvisers
80	Portfolio Managers
85	HOW TO BUY AND SELL SHARES OF THE FUND
86	Net Asset Value
87	Distributor
88	OTHER INFORMATION
88	Federal Income Taxes
88	Monitoring for Possible Conflicts
88	FINANCIAL HIGHLIGHTS

(For more information—see back cover)

Contract described herein is no longer available for sale.

This prospectus provides information about **The Prudential Series Fund, Inc.** (the Fund), which consists of 36 separate portfolios (each, a Portfolio).

The Fund offers two classes of shares in each Portfolio: Class I and Class II. Class I shares are sold only to separate accounts of The Prudential Insurance Company of America and its affiliates (Prudential) as investment options under variable life insurance and variable annuity contracts (the Contracts). (A separate account keeps the assets supporting certain insurance contracts separate from the general assets and liabilities of the insurance company.) Class II shares are offered only to separate accounts of non-Prudential insurance companies for the same types of Contracts. **Not every Portfolio is available under every Contract.** The prospectus for each Contract lists the Portfolios currently available through that Contract.

This section highlights key information about each Portfolio. Additional information follows this summary and is also provided in the Fund's Statement of Additional Information (SAI).

INVESTMENT OBJECTIVES AND PRINCIPAL STRATEGIES OF THE PORTFOLIOS

The following summarizes the investment objectives, principal strategies and principal risks for each of the Portfolios. A Portfolio may have a similar name or an investment objective and investment policies closely resembling those of a mutual fund managed by the same investment adviser that is sold directly to individual investors. Despite such similarities, there can be no assurance that the investment performance of any Portfolio will resemble that of its retail fund counterpart.

We describe each of the terms listed as principal risks on page 11. While we make every effort to achieve the investment objective for each Portfolio, we can't guarantee success and it is possible that you could lose money.

Equity Portfolio

Investment Objective: long-term growth of capital.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in common stocks of major established corporations as well as smaller companies that we believe offer attractive prospects of appreciation. The Portfolio may invest up to 30% of its total assets in foreign securities. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**

Global Portfolio

Investment Objective: long-term growth of capital.

We invest primarily in common stocks (and their equivalents) of foreign and U.S. companies. Generally, we invest in at least three countries, including the U.S., but we may invest up to 35% of the Portfolio's assets in companies located in any one country other than the U.S. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**

An investment in the Government Income Portfolio is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Jennison Portfolio

Investment Objective: long-term growth of capital.

We invest primarily in equity securities of major, established corporations that we believe offer above-average growth prospects. The Portfolio may invest up to 30% of its total assets in foreign securities. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**

Money Market Portfolio

Investment Objective: maximum current income consistent with the stability of capital and the maintenance of liquidity.

We invest in high-quality short-term money market instruments issued by the U.S. Government or its agencies, as well as by corporations and banks, both domestic and foreign. The Portfolio will invest only in instruments that mature in thirteen months or less, and which are denominated in U.S. dollars. While we make every effort to achieve our objective, we can't guarantee success.

Principal Risks:

- **credit risk**
- **interest rate risk**
- **management risk**

An investment in the Money Market Portfolio is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the Portfolio seeks to maintain a net asset value of \$10 per share, it is possible to lose money by investing in the Portfolio.

Stock Index Portfolio

Investment Objective: investment results that generally correspond to the performance of publicly-traded common stocks.

With the price and yield performance of the Standard & Poor's 500 Composite Stock Price Index (S&P 500) as our benchmark, we normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in S&P 500 stocks. The S&P 500 represents more than 70% of the total market value of all publicly-traded common stocks and is widely viewed as representative of publicly-traded common stocks as a whole. The Portfolio is not "managed" in the traditional sense of using market and economic analyses to select stocks. Rather, the portfolio manager purchases stocks in proportion to their weighting in the S&P 500. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **market risk**

Value Portfolio

Investment Objective: capital appreciation.

We invest primarily in common stocks that we believe are undervalued — those stocks that are trading below their underlying asset value, cash generating ability and overall earnings and earnings growth. We normally invest at least 65% of the Portfolio's total assets in the common stock and convertible securities of companies that we believe will provide investment returns above those of the Standard & Poor's 500 Composite Stock Price Index (S&P 500) or the New York Stock Exchange (NYSE) Composite Index. Most of our investments will be securities of large capitalization companies. The Portfolio may invest up to 25% of its total assets in real estate investment trusts (REITs) and up to 30% of its total assets in foreign securities. There is a risk that "value" stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the markets for long periods of time. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **credit risk**
- **foreign investment risk**
- **interest rate risk**
- **management risk**
- **market risk**

SP AIM Aggressive Growth Portfolio

Investment Objective: long-term growth of capital.

We invest primarily in the common stocks of companies whose earnings the portfolio managers expect to grow more than 15% per year. Growth stocks may involve a higher level of risk than value stocks, because growth stocks tend to attract more attention and more speculative investments than value stocks. On behalf of the Portfolio, A I M Capital Management, Inc. invests in securities of small- and medium-sized growth companies, may invest up to 25% of its total assets in foreign securities and may invest up to 15% of its total assets in real estate investment trusts (REITs). While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **liquidity risk**
- **management risk**
- **market risk**

SP AIM Core Equity Portfolio

Investment Objective: growth of capital.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in equity securities, including convertible securities of established companies that have long-term above-average growth in earnings and growth companies that the portfolio managers believe have the potential for above-average growth in earnings. In complying with this 80% requirement, the Portfolio's investments may include synthetic instruments. Synthetic instruments are investments that have economic characteristics similar to the Portfolio's direct investments and may include warrants, futures, options, exchange-traded funds and American Depositary Receipts (ADRs). A I M Capital Management, Inc. considers whether to sell a particular security when they believe the security no longer has that potential or the capacity to generate income. The Portfolio may invest up to 20% of its total assets in foreign securities. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **credit risk**

- derivatives risk
- foreign investment risk
- interest rate risk
- liquidity risk
- management risk
- market risk

SP Alliance Large Cap Growth Portfolio

Investment Objective: growth of capital by pursuing aggressive investment policies.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in stocks of companies considered to have large capitalizations (i.e., similar to companies included in the S&P 500 Index). Up to 15% of the Portfolio's total assets may be invested in foreign securities. Unlike most equity funds, the Portfolio focuses on a relatively small number of intensively researched companies. Alliance Capital Management, L.P. (Alliance) selects the Portfolio's investments from a research universe of more than 500 companies that have strong management, superior industry positions, excellent balance sheets, and superior earnings growth prospects. "Alliance", "Alliance Capital" and their logos are registered marks of Alliance Capital Management, L.P. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- company risk
- foreign investment risk
- management risk
- market risk

SP Alliance Technology Portfolio

Investment Objective: growth of capital.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in securities of companies that use technology extensively in the development of new or improved products or processes. Within this framework, the Portfolio may invest in any company and industry and in any type of security with potential for capital appreciation. It invests in well-known, established companies or in new or unseasoned companies. The Portfolio also may invest in debt securities and up to 25% of its total assets in foreign securities. In addition, technology stocks, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall stock market. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. This Portfolio is advised by Alliance Capital Management, L.P.

Principal Risks:

- company risk
- credit risk
- foreign investment risk
- industry/sector risk
- interest rate risk
- liquidity risk
- management risk
- market risk

SP Davis Value Portfolio

Investment Objective: growth of capital.

We invest primarily in common stock of U.S. companies with market capitalizations of at least \$5 billion.

The portfolio managers use the investment philosophy of Davis Advisors to select common stocks of quality, overlooked growth companies at value prices and to hold them for the long-term. They look for companies with sustainable growth rates selling at modest price-earnings multiples that they hope will expand as other investors recognize the company's true worth. The portfolio managers believe that if you combine a sustainable growth rate with a gradually expanding multiple, these rates compound and can generate returns that could exceed average returns earned by investing in large capitalization domestic stocks. They consider selling a company if the company no longer exhibits the characteristics that they believe foster sustainable long-term growth, minimize risk and enhance the potential for superior long-term returns. There is a risk that "value" stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the markets for long periods of time. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **liquidity risk**
- **management risk**
- **market risk**

SP Deutsche International Equity Portfolio

Investment Objective: long-term capital appreciation.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus borrowings made for investment purposes) in the stocks and other equity securities of companies in developed countries outside the United States. The Portfolio invests primarily in companies in developed foreign countries. The companies are selected by an extensive tracking system plus the input of experts from various financial disciplines. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. This Portfolio is advised by Deutsche Asset Management Investment Services Limited (DeAMIS).

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**

SP INVESCO Small Company Growth Portfolio

Investment Objective: long-term capital growth.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in common stocks of small-capitalization companies — those which are included in the Russell 2000 Growth Index at the time of purchase, or if not included in that index, have market capitalizations of \$2.5 billion or below at the time of purchase. Investments in small, developing companies carry greater risk than investments in larger, more established companies. Developing companies generally face intense competition, and have a higher rate of failure than larger companies. On the other hand, large companies were once small companies themselves, and the growth opportunities of some small companies may be quite high. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. This Portfolio is advised by INVESCO Funds Group, Inc.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**

SP Jennison International Growth Portfolio

Investment Objective: long-term growth of capital.

We invest primarily in equity-related securities of foreign issuers. This means the Portfolio looks for investments that Jennison Associates LLC thinks will increase in value over a period of years. The Portfolio invests primarily in the common stock of large and medium-sized foreign companies. Under normal circumstances, the Portfolio invests at least 65% of its total assets in common stock of foreign companies operating or based in at least five different countries. The Portfolio looks primarily for stocks of companies whose earnings are growing at a faster rate than other companies. These companies typically have characteristics such as above average growth in earnings and cash flow, improving profitability, strong balance sheets, management strength and strong market share for its products. The Portfolio also tries to buy such stocks at attractive prices in relation to their growth prospects. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**

SP Large Cap Value Portfolio

Investment Objective: long-term growth of capital.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in securities of companies with large market capitalizations (those with market capitalizations similar to companies in the Standard & Poor's 500SM (S&P 500[®]) or the Russell 1000). The Portfolio normally invests its assets primarily in common stocks. The Portfolio invests in securities of companies that Fidelity Management & Research Company (FMR) believes are undervalued in the marketplace in relation to factors such as assets, earnings, growth potential or cash flow in relation to securities of other companies in the same industry (stocks of these companies are often called "value" stocks). The Portfolio invests in domestic and foreign issuers. The Portfolio uses fundamental analysis of each issuer's financial condition, its industry position and market and economic conditions, along with statistical models to evaluate growth potential, valuation, liquidity and investment risk, to select investments. There is a risk that "value" stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the markets for long periods of time. An investment in this Portfolio, like any Portfolio, is not a deposit of a bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **leveraging risk**
- **management risk**
- **market risk**

SP MFS Capital Opportunities Portfolio

Investment Objective: capital appreciation.

We invest, under normal market conditions, at least 65% of the Portfolio's net assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts for those securities. The Portfolio focuses on companies which Massachusetts Financial Services Company (MFS) believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flow. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's

abilities) performed by the Portfolio's portfolio manager and MFS's large group of equity research analysts. The Portfolio may invest in foreign securities (including emerging market securities), through which it may have exposure to foreign currencies. The Portfolio may engage in active and frequent trading to achieve its principal investment strategies. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. High portfolio turnover results in higher transaction costs and can affect the Portfolio's performance.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**
- **portfolio turnover risk**

SP Mid Cap Growth Portfolio (formerly, SP MFS Mid Cap Growth Portfolio)

Investment Objective: long-term growth of capital.

We invest, under normal market conditions, at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts for those securities. These securities typically are of medium market capitalizations, which Calamos Asset Management, Inc. (Calamos) believes have above-average growth potential. Medium market capitalization companies are defined by the Portfolio as companies with market capitalizations equaling or exceeding \$250 million but not exceeding the top of the Russell Midcap™ Growth Index range at the time of the Portfolio's investment. This Index is a widely recognized, unmanaged index of mid cap common stock prices. Companies whose market capitalizations fall below \$250 million or exceed the top of the Russell Midcap™ Growth Index range after purchase continue to be considered medium-capitalization companies for purposes of the Portfolio's 80% investment policy. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets. Calamos uses a bottom-up and top-down analysis in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities), as well as top-down approach of diversification by industry and company and paying attention to macro-level investment themes. The Portfolio may invest in foreign securities (including emerging markets securities). The Portfolio is expected to engage in active and frequent trading to achieve its principal investment strategies. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**
- **portfolio turnover risk**

SP PIMCO High Yield Portfolio

Investment Objective: maximum total return, consistent with preservation of capital and prudent investment management.

We invest under normal circumstances at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in a diversified portfolio of high yield/high risk securities rated below investment grade but rated at least B by Moody's Investor Service, Inc. (Moody's) or Standard & Poor's Ratings Group (S&P), or, if unrated, determined by Pacific Investment Management Company (PIMCO) to be of comparable quality. The remainder of the Portfolio's assets may be invested in investment grade fixed income instruments. The duration of the Portfolio normally varies within a two- to six-year time frame based on PIMCO's forecast for interest rates. The Portfolio may invest without limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio may invest up to 15% of its assets in euro-denominated securities. The Portfolio normally will hedge at least 75% of its exposure to foreign

currency to reduce the risk of loss due to fluctuations in currency exchange rates. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- credit risk
- derivatives risk
- foreign investment risk
- high yield risk
- interest rate risk
- leveraging risk
- liquidity risk
- management risk
- market risk
- mortgage risk
- prepayment risk

SP PIMCO Total Return Portfolio

Investment Objective: maximum total return, consistent with preservation of capital and prudent investment management.

We invest under normal circumstances at least 65% of its assets in a diversified portfolio of fixed income instruments of varying maturities. The portfolio duration of this Portfolio normally varies within a three- to six-year time frame based on PIMCO's forecast for interest rates. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- credit risk
- derivatives risk
- interest rate risk
- management risk
- market risk
- prepayment risk

SP Prudential U.S. Emerging Growth Portfolio

Investment Objective: long-term capital appreciation.

We invest under normal circumstances at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in equity securities of small and medium-sized U.S. companies that Jennison Associates LLC believes have the potential for above-average growth. The Portfolio also may use derivatives for hedging or to improve the Portfolio's returns. The Portfolio may actively and frequently trade its portfolio securities. High portfolio turnover results in higher transaction costs and can affect the Portfolio's performance. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- company risk
- foreign investment risk
- management risk
- market risk

SP Small/Mid Cap Value Portfolio

Investment Objective: long-term growth of capital.

We normally invest at least 80% of the Portfolio's investable assets (net assets plus any borrowings made for investment purposes) in securities of companies with small to medium market capitalizations (those with market capitalizations similar to companies in the S&P Small Cap 600 Index or the Russell 2000 Index for small market

capitalization and the S&P MidCap 400 Index or the Russell Midcap® Index for medium market capitalization). The Portfolio normally invests its assets primarily in common stocks. The Portfolio invests in securities of companies that Fidelity Management & Research Company (FMR) believes are undervalued in the marketplace in relation to factors such as assets, earnings, growth potential or cash flow, or in relation to securities of other companies in the same industry, (stocks of these companies are often called “value” stocks). The Portfolio invests in domestic and foreign issuers. The Portfolio uses fundamental analysis of each issuer’s financial condition, its industry position and market and economic conditions, along with statistical models to evaluate growth potential, valuation, liquidity and investment risk to select investments. There is a risk that “value” stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the markets for long periods of time. An investment in this Portfolio, like any Portfolio, is not a deposit of a bank, and is not insured by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. While we make every effort to achieve our objective, we can’t guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **leveraging risk**
- **liquidity risk**
- **management risk**
- **market risk**

SP Strategic Partners Focused Growth Portfolio

Investment Objective: long-term growth of capital.

We normally invest at least 65% of the Portfolio’s total assets in equity-related securities of U.S. companies that the adviser believes to have strong capital appreciation potential. The Portfolio’s strategy is to combine the efforts of two investment advisers and to invest in the favorite stock selection ideas of three portfolio managers (two of whom invest as a team). Each investment adviser to the Portfolio utilizes a growth style to select approximately 20 securities. The portfolio managers build a portfolio with stocks in which they have the highest confidence and may invest more than 5% of the Portfolio’s assets in any one issuer. The Portfolio is nondiversified, meaning it can invest a relatively high percentage of its assets in a small number of issuers. Investing in a nondiversified portfolio, particularly a portfolio investing in approximately 40 equity-related securities, involves greater risk than investing in a diversified portfolio because a loss resulting from the decline in the value of one security may represent a greater portion of the total assets of a nondiversified portfolio. The Portfolio may actively and frequently trade its portfolio securities. While we make every effort to achieve our objective, we can’t guarantee success and it is possible that you could lose money. This Portfolio is advised by Jennison Associates LLC and Alliance Capital Management, L.P.

Principal Risks:

- **company risk**
- **foreign investment risk**
- **management risk**
- **market risk**
- **portfolio turnover risk**

SP Aggressive Growth Asset Allocation Portfolio

Investment Objective: capital appreciation by investing in large cap equity Portfolios, international Portfolios, and small/mid cap equity Portfolios.

Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can’t guarantee success and it is possible that you could lose money.

The SP Aggressive Growth Asset Allocation Portfolio invests in shares of the following Fund Portfolios:

- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio), and the Jennison Portfolio (8.75% of Portfolio)); and

- an international component (approximately 30% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (15% of Portfolio) and the SP Deutsche International Equity Portfolio (15% of Portfolio)); and
- a small/mid capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (17.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (17.5% of Portfolio)).

For more information on the underlying Portfolios, please refer to their investment summaries included in this prospectus.

SP Balanced Asset Allocation Portfolio

Investment Objective: to provide a balance between current income and growth of capital by investing in fixed income Portfolios, large cap equity Portfolios, small/mid cap equity Portfolios, and international equity Portfolios.

Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The SP Balanced Asset Allocation Portfolio invests in shares of the following Portfolios:

- a fixed income component (approximately 40% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (30% of Portfolio) and the SP PIMCO High Yield Portfolio (10% of Portfolio)); and
- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio), and the Jennison Portfolio (8.75% of Portfolio)); and
- a small/mid capitalization equity component (approximately 15% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (7.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (7.5% of Portfolio)); and
- an international component (approximately 10% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (5% of Portfolio) and the SP Deutsche International Equity Portfolio (5% of Portfolio)).

For more information on the underlying Portfolios, please refer to their investment summaries included in this prospectus.

SP Conservative Asset Allocation Portfolio

Investment Objective: to provide current income with low to moderate capital appreciation by investing in fixed income Portfolios, large cap equity Portfolios, and small/mid cap equity Portfolios.

Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The SP Conservative Asset Allocation Portfolio invests in shares of the following Portfolios:

- a fixed income component (approximately 65% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (55% of Portfolio) and the SP PIMCO High Yield Portfolio (10% of Portfolio)); and
- a large capitalization equity component (approximately 30% of the Portfolio, invested in shares of the SP Davis Value Portfolio (15% of Portfolio), the SP Alliance Large Cap Growth Portfolio (7.5% of Portfolio), and the Jennison Portfolio (7.5% of Portfolio)); and
- a small/mid capitalization equity component (approximately 5% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (2.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (2.5% of Portfolio)).

For more information on the underlying Portfolios, please refer to their investment summaries included in this prospectus.

SP Growth Asset Allocation Portfolio

Investment Objective: provide long-term growth of capital with consideration also given to current income, by investing in large cap equity Portfolios, fixed income Portfolios, international equity Portfolios, and small/mid cap equity Portfolios.

Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The Growth Asset Allocation Portfolio invests in shares of the following Portfolios:

- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio), and the Jennison Portfolio (8.75% of Portfolio)); and
- a fixed income component (approximately 20% of the Portfolio, invested in shares of the SP PIMCO High Yield Portfolio (7.5% of Portfolio) and the SP PIMCO Total Return Portfolio (12.5% of Portfolio)); and
- an international component (approximately 20% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (10% of Portfolio) and the SP Deutsche International Equity Portfolio (10% of Portfolio)); and
- a small/mid capitalization equity component (approximately 25% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (12.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (12.5% of Portfolio)).

For more information on the underlying Portfolios, please refer to their investment summaries included in this prospectus.

PRINCIPAL RISKS

Although we try to invest wisely, all investments involve risk. Like any mutual fund, an investment in a Portfolio could lose value, and you could lose money. The following summarizes the principal risks of investing in the Portfolios.

Company risk. The price of the stock of a particular company can vary based on a variety of factors, such as the company's financial performance, changes in management and product trends, and the potential for takeover and acquisition. This is especially true with respect to equity securities of smaller companies, whose prices may go up and down more than equity securities of larger, more established companies. Also, since equity securities of smaller companies may not be traded as often as equity securities of larger, more established companies, it may be difficult or impossible for a Portfolio to sell securities at a desirable price. Foreign securities have additional risks, including exchange rate changes, political and economic upheaval, the relative lack of information about these companies, relatively low market liquidity and the potential lack of strict financial and accounting controls and standards.

Credit risk. Debt obligations are generally subject to the risk that the issuer may be unable to make principal and interest payments when they are due. There is also the risk that the securities could lose value because of a loss of confidence in the ability of the borrower to pay back debt. Non-investment grade debt — also known as “high-yield bonds” and “junk bonds” — have a higher risk of default and tend to be less liquid than higher-rated securities.

Derivatives risk. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, interest rate or index. The Portfolios typically use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. A Portfolio may also use derivatives for leverage, in which case their use would involve leveraging risk. A Portfolio's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the

risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A Portfolio investing in a derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances.

Foreign investment risk. Investing in foreign securities generally involves more risk than investing in securities of U.S. issuers. Foreign investment risk includes the specific risks described below.

Currency risk. Changes in currency exchange rates may affect the value of foreign securities held by a Portfolio and the amount of income available for distribution. If a foreign currency grows weaker relative to the U.S. dollar, the value of securities denominated in that foreign currency generally decreases in terms of U.S. dollars. If a Portfolio does not correctly anticipate changes in exchange rates, its share price could decline as a result. In addition, certain hedging activities may cause the Portfolio to lose money and could reduce the amount of income available for distribution.

Emerging market risk. To the extent that a Portfolio invests in emerging markets to enhance overall returns, it may face higher political, information, and stock market risks. In addition, profound social changes and business practices that depart from norms in developed countries' economies have sometimes hindered the orderly growth of emerging economies and their stock markets in the past. High levels of debt may make emerging economies heavily reliant on foreign capital and vulnerable to capital flight.

Foreign market risk. Foreign markets, especially those in developing countries, tend to be more volatile than U.S. markets and are generally not subject to regulatory requirements comparable to those in the U.S. Because of differences in accounting standards and custody and settlement practices, investing in foreign securities generally involves more risk than investing in securities of U.S. issuers.

Information risk. Financial reporting standards for companies based in foreign markets usually differ from those in the United States. Since the "numbers" themselves sometimes mean different things, the sub-advisers devote much of their research effort to understanding and assessing the impact of these differences upon a company's financial conditions and prospects.

Liquidity risk. Stocks that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active stocks. This liquidity risk is a factor of the trading volume of a particular stock, as well as the size and liquidity of the entire local market. On the whole, foreign exchanges are smaller and less liquid than the U.S. market. This can make buying and selling certain shares more difficult and costly. Relatively small transactions in some instances can have a disproportionately large effect on the price and supply of shares. In certain situations, it may become virtually impossible to sell a stock in an orderly fashion at a price that approaches an estimate of its value.

Political developments. Political developments may adversely affect the value of a Portfolio's foreign securities.

Political risk. Some foreign governments have limited the outflow of profits to investors abroad, extended diplomatic disputes to include trade and financial relations, and imposed high taxes on corporate profits.

Regulatory risk. Some foreign governments regulate their exchanges less stringently, and the rights of shareholders may not be as firmly established.

High yield risk. Portfolios that invest in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") may be subject to greater levels of interest rate, credit and liquidity risk than Portfolios that do not invest in such securities. High yield securities are considered predominantly speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for high yield securities and reduce a Portfolio's ability to sell its high yield securities (liquidity risk).

Industry/sector risk. Portfolios that invest in a single market sector or industry can accumulate larger positions in single issuers or an industry sector. As a result, the Portfolio's performance may be tied more directly to the success or failure of a smaller group of portfolio holdings.

Interest rate risk. Fixed income securities are subject to the risk that the securities could lose value because of interest rate changes. For example, bonds tend to decrease in value if interest rates rise. Debt obligations with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt obligations with shorter maturities.

Leveraging risk. Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment contracts. The use of derivatives may also create leveraging risks. To mitigate leveraging risk, a sub-adviser can segregate liquid assets or otherwise cover the transactions that may give rise to such risk. The use of leverage may cause a Portfolio to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause a Portfolio to be more volatile than if the Portfolio had not been leveraged. This is because leveraging tends to exaggerate the effect of any increase or decrease in the value of a Portfolio's securities.

Liquidity risk. Liquidity risk exists when particular investments are difficult to purchase or sell. A Portfolio's investments in illiquid securities may reduce the returns of the Portfolio because it may be unable to sell the illiquid securities at an advantageous time or price. Portfolios with principal investment strategies that involve foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk.

Management risk. Actively managed investment portfolios are subject to management risk. Each sub-adviser will apply investment techniques and risk analyses in making investment decisions for the Portfolios, but there can be no guarantee that these will produce the desired results.

Market risk. Common stocks are subject to market risk stemming from factors independent of any particular security. Investment markets fluctuate. All markets go through cycles and market risk involves being on the wrong side of a cycle. Factors affecting market risk include political events, broad economic and social changes, and the mood of the investing public. You can see market risk in action during large drops in the stock market. If investor sentiment turns gloomy, the price of all stocks may decline. It may not matter that a particular company has great profits and its stock is selling at a relatively low price. If the overall market is dropping, the values of all stocks are likely to drop. Generally, the stock prices of large companies are more stable than the stock prices of smaller companies, but this is not always the case. Smaller companies often offer a smaller range of products and services than large companies. They may also have limited financial resources and may lack management depth. As a result, stocks issued by smaller companies may fluctuate in value more than the stocks of larger, more established companies.

Mortgage risk. A Portfolio that purchases mortgage related securities is subject to certain additional risks. Rising interest rates tend to extend the duration of mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, a Portfolio that holds mortgage-related securities may exhibit additional volatility. This is known as extension risk. In addition, mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Portfolio because the Portfolio will have to reinvest that money at the lower prevailing interest rates.

Portfolio turnover risk. A Portfolio's investments may be bought and sold relatively frequently. A high turnover rate may result in higher brokerage commissions and taxable capital gain distributions to a Portfolio's shareholders.

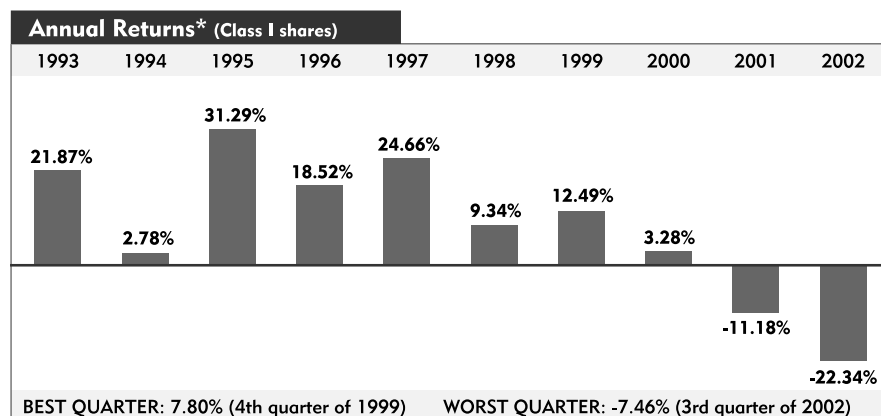
Prepayment Risk. A Portfolio that purchases mortgage-related securities or asset-backed securities is subject to additional risks. The underlying mortgages or assets may be prepaid, partially or completely, generally during periods of falling interest rates, which could adversely affect yield to maturity and could require the Portfolio to reinvest in lower yielding securities.

* * *

EVALUATING PERFORMANCE

Equity Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how returns can change from year to year and by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE CLASS II INCEPTION (5/3/99)</u>
Class I shares	-22.34%	-2.61%	7.85%	—
Class II shares	-22.62%	—	—	-9.32%
S&P 500**	-22.09%	-0.58%	9.34%	-9.53%
Russell 1000® Index***	-21.65%	-0.58%	9.19%	-9.09%
Lipper Average****	-23.51%	-2.13%	7.28%	-9.98%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

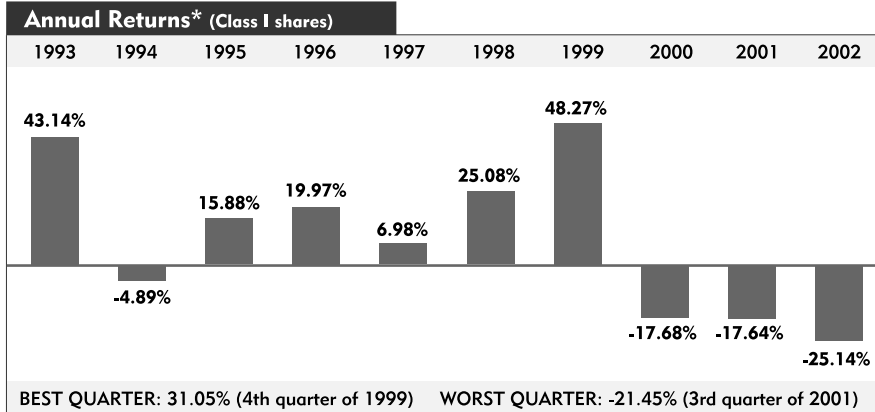
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. Source: Lipper, Inc.

*** The Russell 1000® Index consists of the 1000 largest securities in the Russell 3000 Index. The Russell 3000 Index consists of the 3000 largest companies, as determined by market capitalization. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Large Cap Core Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. Source: Lipper, Inc.

Global Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how returns can change from year to year and by showing how the Portfolio's average annual returns compare with a market index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>
Class I shares	-25.14%	-1.20%	6.64%
MSCI World Index**	-19.89%	-2.11%	6.26%
Lipper Average***	-18.36%	0.22%	7.08%

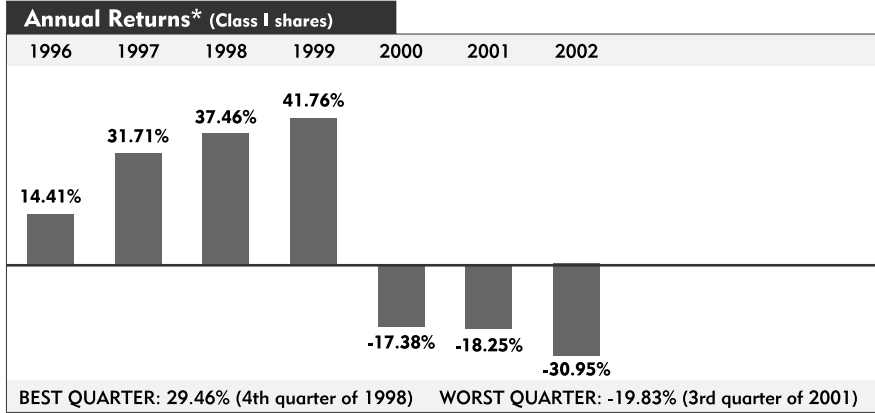
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Morgan Stanley Capital International World Index (MSCI World Index) is a weighted index comprised of approximately 1,500 companies listed on the stock exchanges of the U.S.A., Europe, Canada, Australia, New Zealand and the Far East. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Global Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. Source: Lipper, Inc.

Jennison Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how returns can change from year to year and by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	5 YEARS	SINCE CLASS I INCEPTION (4/25/95)	SINCE CLASS II INCEPTION (2/10/00)
Class I shares	-30.95%	-1.83%	7.34%	—
Class II shares	-31.17%	—	—	-24.96%
S&P 500**	-22.09%	0.58%	9.02%	-13.41%
Russell 1000® Growth Index***	-27.88%	3.84%	6.49%	-22.97%
Lipper Average****	-28.65%	-2.80%	6.14%	-21.47%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

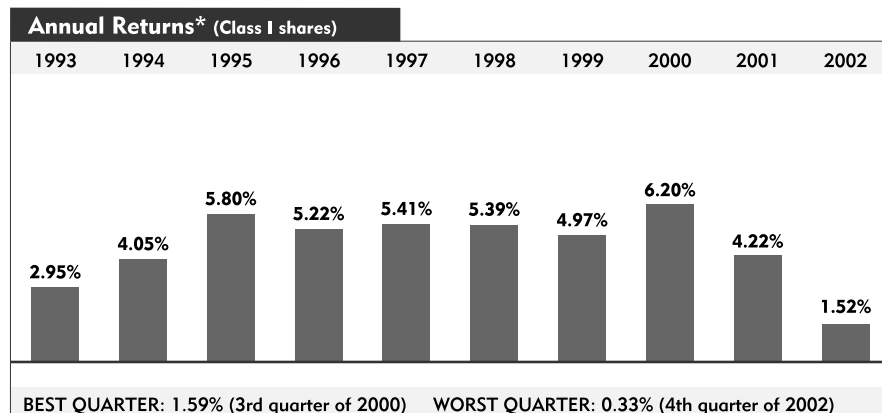
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. Companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 1000® Growth Index consists of those securities included in the Russell 1000 Index that have a greater-than-average growth orientation. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Large Cap Growth Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

Money Market Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how returns can change from year to year and by showing how the Portfolio's average annual returns compare with a group of similar mutual funds. Past performance does not assure that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	5 YEARS	10 YEARS
Class I shares	1.52%	4.45%	4.57%
Lipper Average**	1.30%	4.19%	4.77%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Lipper Variable Insurance Products (VIP) Money Market Average is calculated by Lipper Analytical Services, Inc., and reflects the investment return of certain portfolios underlying variable life and annuity products. These returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. Source: Lipper, Inc.

7-Day Yield* (as of 12/31/02)

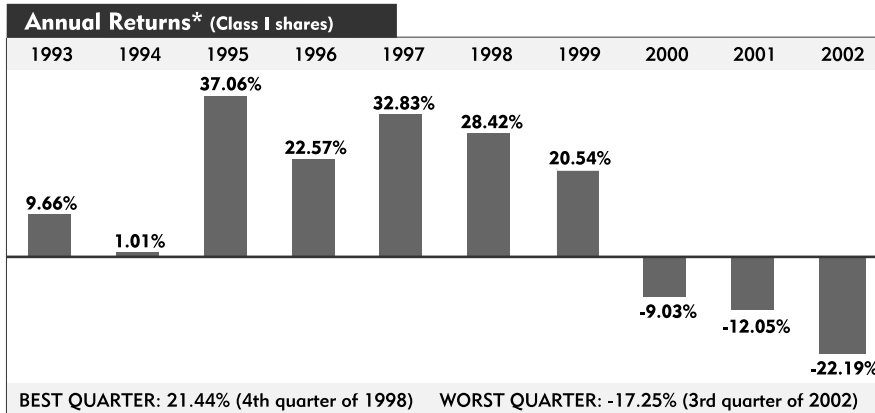
Money Market Portfolio	1.06%
Average Money Market Fund**	0.74%

* The Portfolio's yield is after deduction of expenses and does not include Contract charges.

** Source: iMoneyNet, Inc. As of 12/31/02, based on the iMoneyNet Prime Retail Universe.

Stock Index Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how returns can change from year to year and by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>
Class I shares	-22.19%	-0.74%	9.07%
S&P 500**	-22.09%	-0.58%	9.34%
Lipper Average***	-22.43%	-0.86%	9.01%

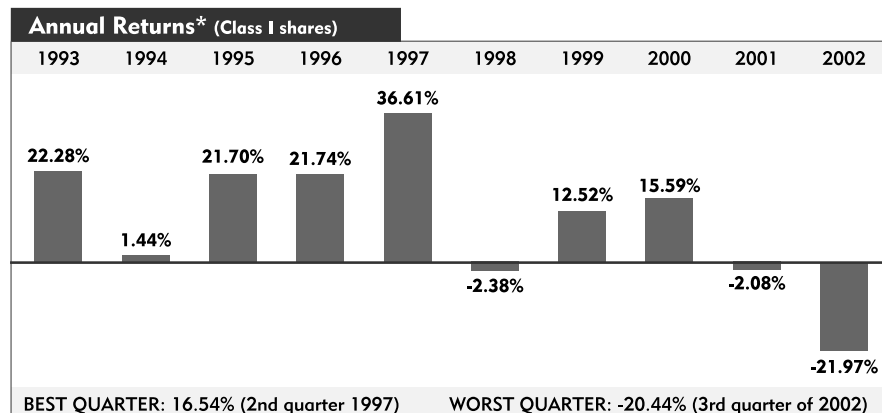
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) S&P 500 Index Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. Source: Lipper, Inc.

Value Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how returns can change from year to year and by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	5 YEARS	10 YEARS	SINCE CLASS II INCEPTION (5/14/01)
Class I Shares	-21.97%	-0.60%	9.31%	—
Class II Shares	-22.35%	—	—	-16.63%
S&P 500**	-22.09%	-0.58%	9.34%	-17.70%
Russell® 1000 Value Index***	-15.52%	1.16%	10.80%	-12.04%
Lipper Large Cap Value Funds Average****	-18.57%	-0.34%	7.38%	-14.47%
Lipper Multi Cap Value Funds Average****	-18.97%	0.60%	7.67%	-13.54%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

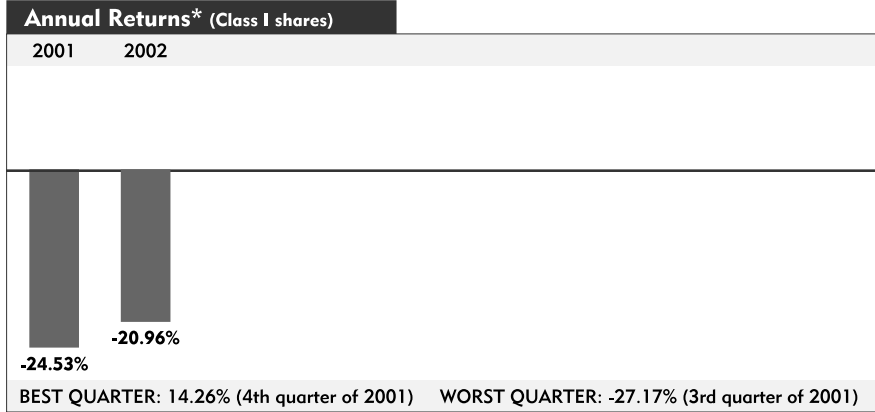
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. Source: Lipper, Inc.

*** The Russell® 1000 Value Index consists of those securities included in the Russell 1000 Index that have a less-than-average growth orientation. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Large Cap Value Funds Average and Multi Cap Value Funds Average are calculated by Lipper Analytical Services, Inc. and reflect the return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. Although Lipper classifies the Portfolio within the Multi Cap Value Funds Average, the returns for the Large Cap Value Funds Average is also shown, because the management of the portfolios included in the Large Cap Value Funds Average are more consistent with the management of the Portfolio.

SP AIM Aggressive Growth Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	-20.96%	-25.43%
Russell 2500® Index**	-17.80%	-9.36%
Russell 2500™ Growth Index***	-29.09%	-25.87%
Lipper Average****	-31.09%	-31.32%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

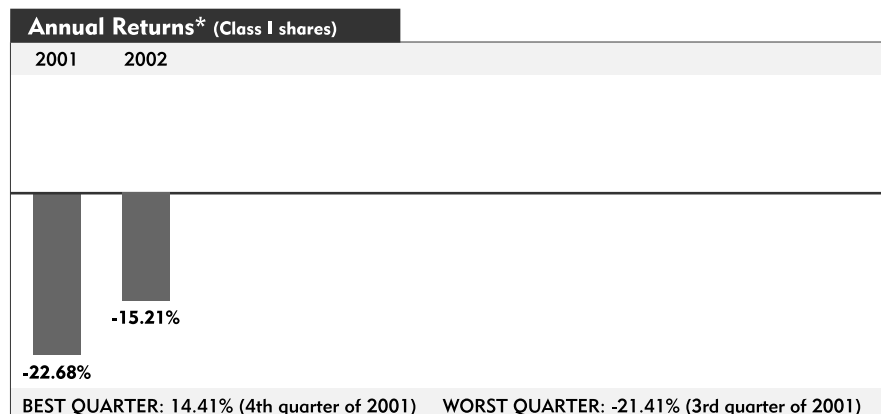
** The Russell 2500® Index measures the performance of the 500 smallest companies in the Russell 1000 Index and all 2000 companies included in the Russell 2000 Index. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 2500™ Growth Index measures the performance of the 2,500 smallest companies in the Russell 3000 Index, which represents approximately 16% of the total market capitalization of the Russell 3000 Index. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Mid Cap Growth Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP AIM Core Equity Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I Shares	- 15.21%	- 22.96%
S&P 500**	- 22.09%	- 18.40%
Russell 1000® Index***	- 21.65%	- 18.96%
Lipper Large Cap Core Funds Average****	- 23.51%	- 19.78%
Lipper Large Cap Growth Funds Average****	- 28.65%	- 28.88%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

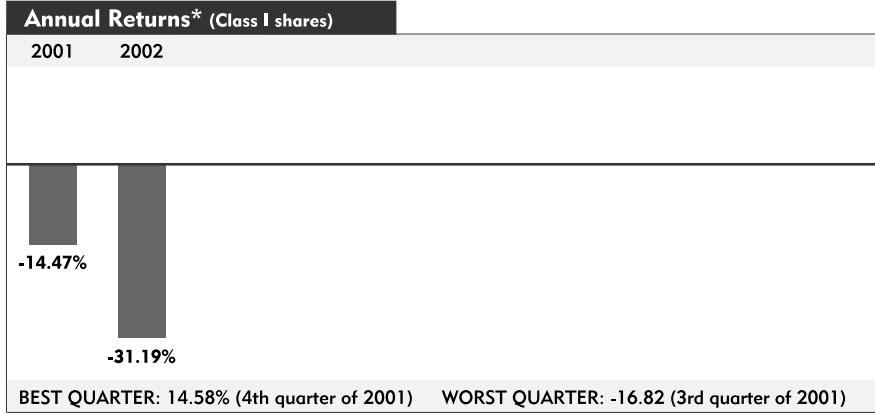
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 1000® Index consists of the 1000 largest companies included in the Russell 3000 Index. The Russell 3000 Index consists of the 3000 largest companies, as determined by market capitalization. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Large Cap Growth Funds Average and Large Cap Core Funds Average are calculated by Lipper Analytical Services, Inc. and reflects the return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Although Lipper classifies the Portfolio within the Large Cap Growth Funds Average, the returns for the Large Cap Core Funds Average is also shown, because the management of the portfolios included in the Large Cap Core Funds Average is more consistent with the management of the Portfolio.

SP Alliance Large Cap Growth Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	-31.19%	-26.06%
Russell 1000® Index**	-21.65%	-18.96%
Russell 1000® Growth Index***	-27.88%	-29.78%
Lipper Large Cap Growth Funds Average****	-28.65%	-28.88%
Lipper Multi Cap Core Funds Average****	-22.48%	-19.10%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

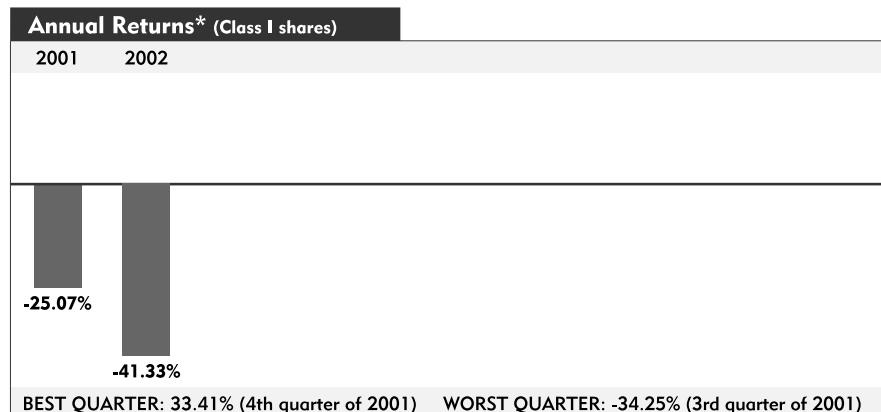
** The Russell 1000® Index consists of the 1000 largest companies in the Russell 3000 Index. The Russell 3000 Index consists of the 3000 largest companies, as determined by market capitalization. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 1000® Growth Index consists of those securities included in the Russell 1000 Index that have a greater-than-average growth orientation. These returns do not include the effect of investment management expenses. The returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return.

**** The Lipper Variable Insurance Products (VIP) Large Cap Growth Funds Average and Multi Cap Core Funds Average are calculated by Lipper Analytical Services, Inc. and reflects the return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Although Lipper classifies the Portfolio within the Multi Cap Core Funds Average, the returns for the Large Cap Growth Funds Average is also shown, because the management of the portfolios included in the Large Cap Growth Funds average is more consistent with the management of the Portfolio.

SP Alliance Technology Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	-41.33%	-38.13%
S&P 500**	-22.09%	-18.40%
S&P SuperComposite 1500 Technology Index***	-37.51%	-39.34%
Lipper Average****	-30.90%	-31.56%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

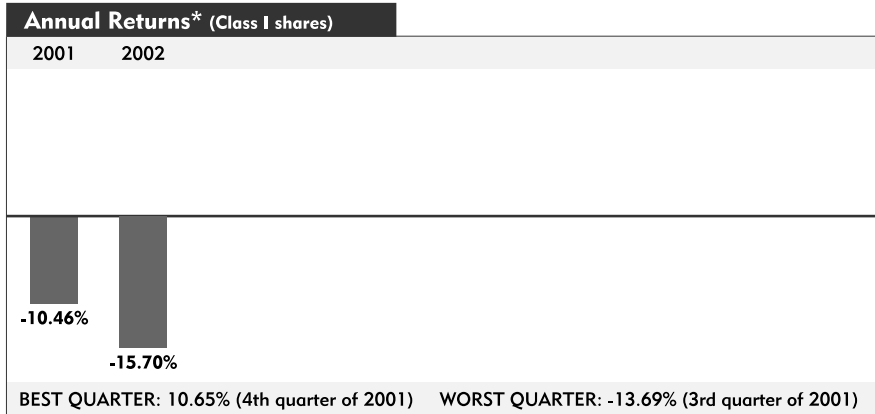
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Standard & Poor's SuperComposite 1500 Technology Index is a capitalization-weighted index designed to measure the performance of the technology component of the S&P 500 Index. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Specialty/Miscellaneous Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Davis Value Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	-15.70%	-10.97%
S&P 500**	-22.09%	-18.40%
Russell 1000® Value Index***	-15.52%	-8.13%
Lipper Average****	-18.57%	-8.21%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 1000® Value Index consists of those companies in the Russell 1000 Index that have a less-than-average growth orientation. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Large Cap Value Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Deutsche International Equity Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (9/22/00)</u>
Class I shares	- 17.17%	- 19.44%
MSCI EAFE Index**	- 15.94%	- 17.84%
Lipper Average***	- 16.53%	- 19.23%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Morgan Stanley Capital International (MSCI) Europe, Australia, Far East (EAFE) Index is a weighted, unmanaged index of performance that reflects stock price movements in Europe, Australasia, and the Far East. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) International Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP INVESCO Small Company Growth Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (9/22/00)</u>
Class I shares	-30.26%	-27.31%
Russell 2000® Index**	-20.48%	-11.55%
Russell 2000® Growth Index***	-30.26%	-26.18%
Lipper Average****	-30.82%	-26.29%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 2000® Growth Index consists of those companies in the Russell 2000 Index that have a greater-than-average growth orientation. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Small-Cap Growth Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Jennison International Growth Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE CLASS I INCEPTION (9/22/00)	SINCE CLASS II INCEPTION (10/4/00)
Class I shares	-22.57%	-31.44%	—
Class II shares	-22.84%	—	-31.45%
MSCI EAFE Index**	+15.94%	-17.84%	-17.84%
Lipper Average***	-16.53%	-19.23%	-19.23%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Morgan Stanley Capital International (MSCI) Europe, Australia, Far East (EAFE) Index is a weighted, unmanaged index of performance that reflects stock price movements in Europe, Australia, and the Far East. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) International Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Large Cap Value Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (9/22/00)</u>
Class I shares	-16.37%	-9.30%
Russell 1000® Index**	-21.65%	-18.96%
Russell 1000® Value Index***	-15.52%	-8.13%
Lipper Average****	-18.57%	-8.21%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

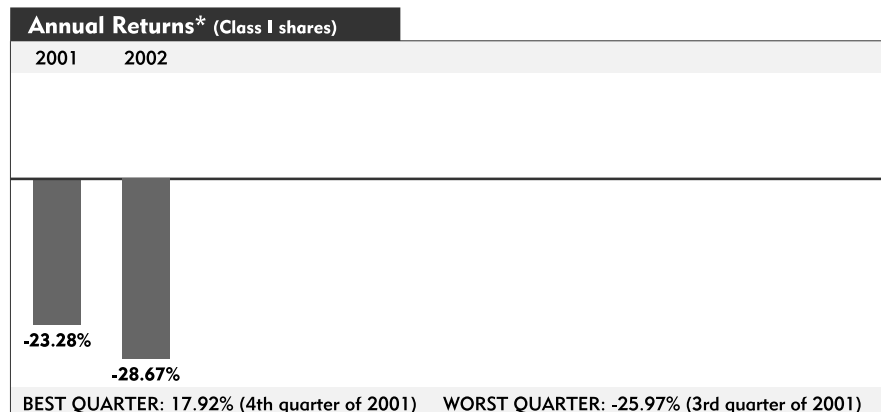
** The Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 1000® Value Index measures the performance of those Russell 1000® companies that have a less-than-average growth orientation. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Large Cap Value Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP MFS Capital Opportunities Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I Shares	-28.67%	-26.18%
S&P 500**	-22.09%	-18.40%
Russell 1000® Index***	-21.65%	-18.96%
Lipper Large Cap Core Funds Average****	-23.51%	-19.78%
Lipper Multi Cap Core Funds Average****	-22.48%	-19.10%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

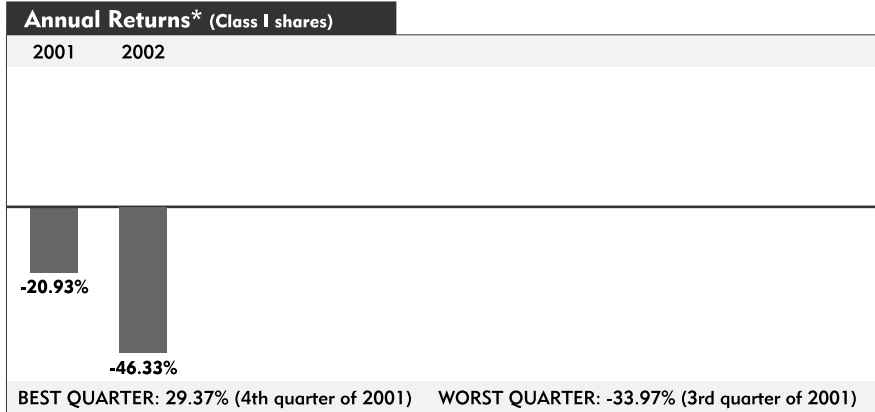
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 1000® Index consists of the 1000 largest companies included in the Russell 3000® Index. The Russell 3000® Index consists of the 3000 largest companies, as determined by market capitalization. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Multi Cap Core Funds Average and Large Cap Core Funds Average are calculated by Lipper Analytical Services, Inc. and reflects the return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Although Lipper classifies the Portfolio within the Multi Cap Core Funds Average, the returns for the Large Cap Core Funds Average is also shown, because the management of the portfolios included in the Large Cap Core Funds Average is more consistent with the management of the Portfolio.

SP Mid Cap Growth Portfolio (formerly, SP MFS Mid Cap Growth Portfolio)

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (9/22/00)</u>
Class I shares	-46.33%	-32.07%
Russell Midcap® Index**	-16.19%	-11.35%
Russell Midcap Growth® Index***	-27.41%	-30.23%
Lipper Average****	-31.09%	-31.32%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

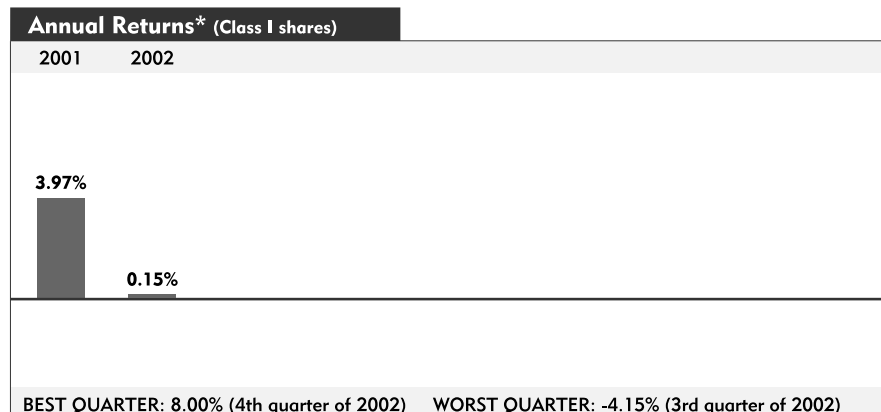
** The Russell Midcap® Index consists of the 800 smallest securities in the Russell 1000 Index, as ranked by total market capitalization. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell Midcap Growth® Index consists of those securities included in the Russell Midcap Index that have a greater-than-average growth orientation. These returns do not include the effect of investment management expenses. The returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return.

**** The Lipper Variable Insurance Products (VIP) Mid Cap Growth Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return.

SP PIMCO High Yield Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a market index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	0.15%	2.65%
Merrill Lynch High Yield Index**	-1.29%	0.02%
Lehman Brothers Intermediate BB Corporate Index***	-0.70%	4.04%
Lipper Average****	-0.69%	-2.58%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Merrill Lynch U.S. High Yield BB-B 11 Rated Index is an unmanaged index that includes high yield bonds across the maturity spectrum, within the BB-B rated quality spectrum, included in the below-investment-grade universe. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Bloomberg L.P.

*** The Lehman Brothers Intermediate BB Corporate Index is an unmanaged index comprised of various fixed-income securities rated BB. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc. The portfolio has discontinued the use of this index.

**** The Lipper Variable Insurance Products (VIP) High Current Yield Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP PIMCO Total Return Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a market index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	9.39%	10.31%
Lehman Brothers Aggregate Bond Index**	10.25%	10.27%
Lipper Average***	8.61%	9.23%

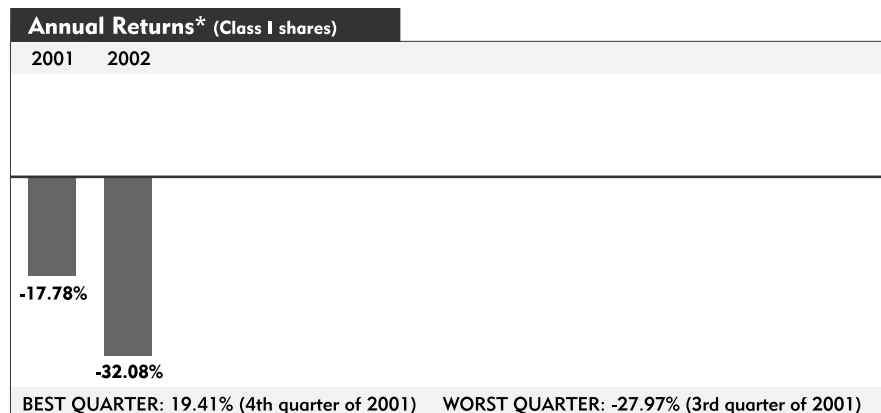
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Lehman Brothers Aggregate Bond Index is an unmanaged index comprised of more than 5,000 government and corporate bonds. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Intermediate Investment Grade Debt Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Prudential U.S. Emerging Growth Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE CLASS I INCEPTION (9/22/00)	SINCE CLASS II INCEPTION (7/9/01)
Class I Shares	-32.08%	-28.34%	—
Class II Shares	-32.41%	—	-27.97%
S&P MidCap 400 Index**	-14.51%	-8.59%	-10.86%
Russell Midcap Growth® Index***	-27.41%	-30.23%	-23.74%
Lipper Mid Cap Growth Funds Average****	-31.09%	-31.32%	-27.85%
Lipper Multi Cap Growth Funds Average****	-30.67%	-33.40%	-27.63%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

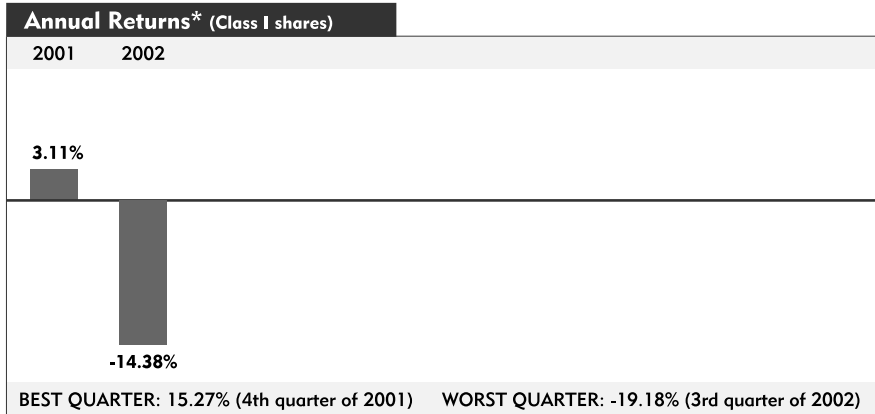
** The Standard & Poor's MidCap 400 Composite Stock Price Index (S&P MidCap 400) — an unmanaged index of 400 domestic stocks chosen for market size, liquidity and industry group representation — gives a broad look at how mid cap stock prices have performed. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell Midcap Growth® Index consists of those securities in the Russell Midcap Index that have a greater-than-average growth orientation. The Russell Midcap Index consists of the 800 smallest securities in the Russell 1000 Index, as ranked by total market capitalization. These returns do not include the effect of investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Multi Cap Growth Funds Average and Mid Cap Growth Funds Average are calculated by Lipper Analytical Services, Inc. and reflect the return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Although Lipper classifies the Portfolio within the Multi-Cap Growth Funds Average, the returns for the Mid Cap Growth Fund Average is also shown, because the management of the portfolios included in the Mid Cap Growth Funds Average is more consistent with the management of the Portfolio.

SP Small/Mid Cap Value Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (9/22/00)</u>
Class I shares	-14.38%	-0.76%
Russell 2500™ Index**	-17.80%	-9.36%
Russell 2500™ Value Index***	-9.87%	3.23%
Lipper Average****	-10.81%	0.88%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

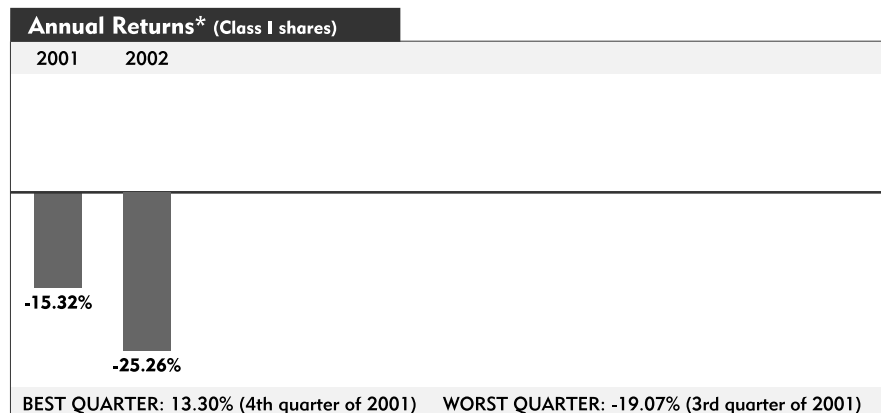
** The Russell 2500™ Index measures the performance of the 2,500 smallest companies in the Russell 3000® Index, which represents approximately 17% of the total market capitalization of the Russell 3000® Index. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return.

*** The Russell 2500™ Value Index measures the performance of Russell 2500™ companies with higher price-to-book ratios. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Mid Cap Value Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Strategic Partners Focused Growth Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE CLASS I INCEPTION (9/22/00)	SINCE CLASS II INCEPTION (1/12/01)
Class I shares	-25.26%	-26.04%	—
Class II shares	-25.52%	—	-23.52%
S&P 500**	-22.09%	-18.40%	-17.14%
Russell 1000® Growth Index***	-27.88%	-29.78%	-24.25%
Lipper Average****	28.65%	-28.88%	-25.34%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

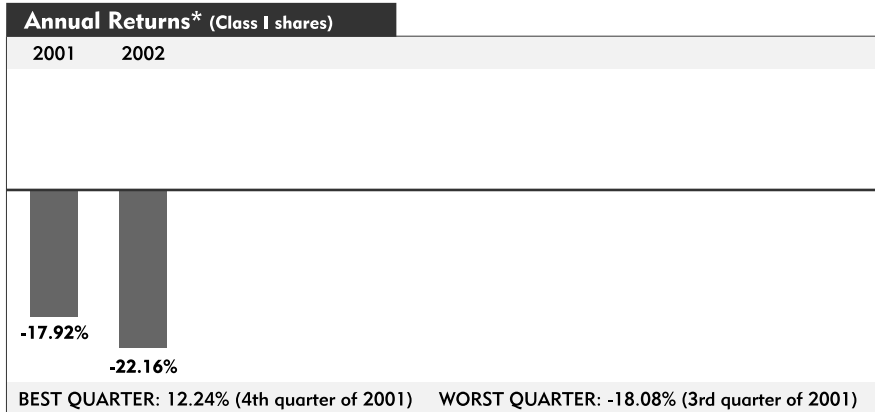
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Russell 1000® Growth Index consists of those Russell 1000 securities that have a greater-than-average growth orientation. The Russell 1000 Index consists of the 1000 largest securities in the Russell 3000 Index. The Russell 3000 Index consists of the 3000 largest U.S. securities, as determined by total market capitalization. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

**** The Lipper Variable Insurance Products (VIP) Large Cap Growth Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Aggressive Growth Asset Allocation Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with a stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	-22.16%	-20.32%
S&P 500**	-22.09%	-18.40%
Aggressive Growth AA Custom Blended Index***	-18.96%	-17.42%
Lipper Average****	-22.48%	-19.10%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Aggressive Growth AA Custom Blended Index consists of the Russell® 1000 Value Index (17.5%), the Russell 1000 Growth Index (17.5%), the Russell 2500 Value Index (17.5%), the Russell Midcap® Growth Index (17.5%), and the MSCI EAFE Index (30%). These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Prudential Investments LLC.

**** The Lipper Variable Insurance Products (VIP) Multi Cap Core Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Balanced Asset Allocation Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with market indexes and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (9/22/00)</u>
Class I shares	-11.67%	-8.42%
S&P 500**	-22.09%	-18.40%
Balanced AA Custom Blended Index***	-10.01%	-7.77%
Lipper Average****	-10.17%	-6.41%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

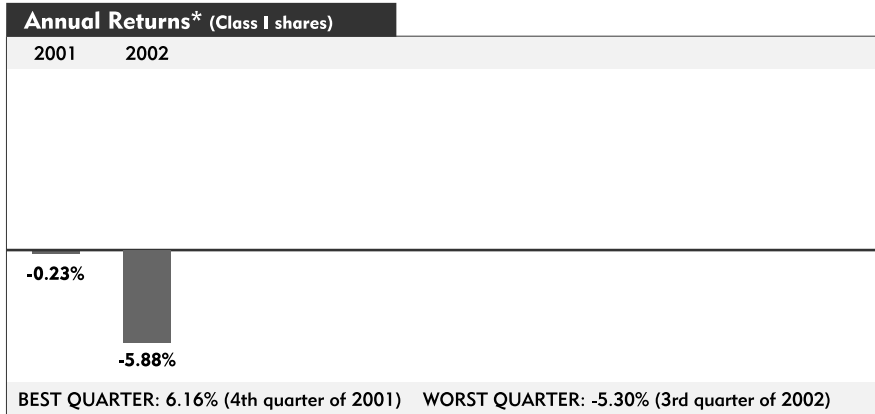
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Balanced AA Custom Blended Index consists of the Russell 1000® Value Index (17.5%), the Russell 1000 Growth Index (17.5%), the Russell 2500 Value Index (7.5%), the Russell Midcap Growth Index (7.5%), the Lehman Brothers Aggregate Bond Index (30%), the Lehman Brothers Intermediate BB Index (10%) and the MSCI EAFE Index (10%). These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Prudential Investments LLC.

**** The Lipper Variable Insurance Products (VIP) Balanced Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Conservative Asset Allocation Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with market indexes and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	1 YEAR	SINCE INCEPTION (9/22/00)
Class I shares	- 5.88%	- 2.37%
S&P 500**	- 22.09%	- 18.40%
Conservative AA Custom Blended Index***	- 4.95%	- 2.57%
Lipper Average****	- 2.25%	0.48%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

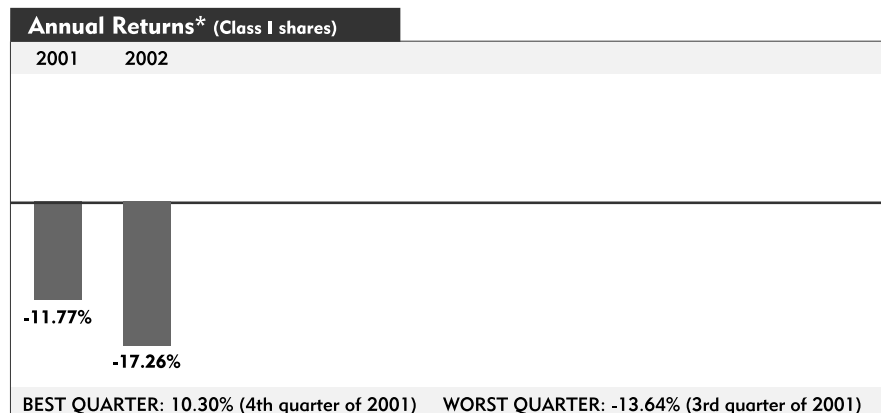
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Conservative AA Custom Blended Index consists of the Russell 1000® Value Index (15%), the Russell 1000 Growth Index (15%), the Russell 2500 Value Index (2.5%), the Lehman Brothers Aggregate Bond Index (55%), the Lehman Brothers Intermediate BB Index (10%) and the Russell Midcap Growth Index (2.5%). These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Prudential Investments LLC.

**** The Lipper Variable Insurance Products (VIP) Income Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

SP Growth Asset Allocation Portfolio

A number of factors — including risk — can affect how the Portfolio performs. The bar chart and table below demonstrate the risk of investing in the Portfolio by showing how the Portfolio's average annual returns compare with market indexes and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



* These annual returns do not include Contract charges. If Contract charges were included, the annual returns would have been lower than those shown. See the accompanying Contract prospectus.

Average Annual Returns* (as of 12/31/02)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (9/22/00)</u>
Class I shares	-17.26%	-14.69%
S&P 500**	-22.09%	-18.40%
Growth AA Custom Blended Index***	-15.10%	-13.12%
Lipper Average****	-22.48%	-19.10%

* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

*** The Growth AA Custom Blended Index consists of the Russell 1000® Value Index (17.5%), the Russell 1000 Growth Index (17.5%), the Russell 2500 Value Index (12.5%), the Russell Midcap Growth Index (12.5%), the Lehman Brothers Aggregate Bond Index (12.5%), the Lehman Brothers Intermediate BB Index (7.5%) and the MSCI EAFE Index (20%). These returns do not include the effect of any investment management expenses. These returns would have been lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return. Source: Prudential Investments LLC.

**** The Lipper Variable Insurance Products (VIP) Multi Cap Core Funds Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would have been lower if they included the effect of these charges. The "Since Inception" return reflects the closest calendar month-end return. Source: Lipper, Inc.

FEES AND EXPENSES OF INVESTING IN THE PORTFOLIOS

Investors incur certain fees and expenses in connection with an investment in the Fund's Portfolios. The following table shows the fees and expenses that you may incur if you invest in Class I shares of the Portfolios through a variable Contract. The table does not include Contract charges. See the accompanying Contract prospectus for more information about Contract changes.

CLASS I
Annual Portfolio Operating Expenses
(expenses that are deducted from Portfolio assets)

	Shareholder Fees (fees paid directly from your investment)	Management Fees	Distribution (12b-1) Fees	Other Expenses	Total Annual Portfolio Operating Expenses
Equity Portfolio	None	0.45%	None	0.03%	0.48%
Global Portfolio	None	0.75%	None	0.07%	0.82%
Jennison Portfolio	None	0.60%	None	0.01%	0.61%
Money Market Portfolio	None	0.40%	None	0.03%	0.43%
Stock Index Portfolio	None	0.35%	None	0.02%	0.37%
Value Portfolio	None	0.40%	None	0.03%	0.43%
SP AIM Aggressive Growth Portfolio*	None	0.95%	None	1.86%	2.81%
SP AIM Core Equity Portfolio*	None	0.85%	None	0.94%	1.79%
SP Alliance Large Cap Growth Portfolio*	None	0.90%	None	0.29%	1.19%
SP Alliance Technology Portfolio*	None	1.15%	None	1.85%	3.00%
SP Davis Value Portfolio*	None	0.75%	None	0.12%	0.87%
SP Deutsche International Equity Portfolio*	None	0.90%	None	0.87%	1.77%
SP INVESCO Small Company Growth Portfolio*	None	0.95%	None	1.35%	2.30%
SP Jennison International Growth Portfolio*	None	0.85%	None	0.55%	1.40%
SP Large Cap Value Portfolio*	None	0.80%	None	0.51%	1.31%
SP MFS Capital Opportunities Portfolio*	None	0.75%	None	1.53%	2.28%
SP Mid Cap Growth Portfolio*	None	0.80%	None	0.88%	1.68%
SP PIMCO High Yield Portfolio*	None	0.60%	None	0.48%	1.08%
SP PIMCO Total Return Portfolio*	None	0.60%	None	0.22%	0.82%
SP Prudential U.S. Emerging Growth Portfolio*	None	0.60%	None	0.38%	0.98%
SP Small/Mid Cap Value Portfolio*	None	0.90%	None	0.20%	1.10%
SP Strategic Partners Focused Growth Portfolio*	None	0.90%	None	1.08%	1.98%
SP Aggressive Growth Asset Allocation Portfolio	None	0.05%**	None	None	0.05%***
SP Balanced Asset Allocation Portfolio	None	0.05%**	None	None	0.05%***
SP Conservative Asset Allocation Portfolio	None	0.05%**	None	None	0.05%***
SP Growth Asset Allocation Portfolio	None	0.05%**	None	None	0.05%***

* The Portfolio's total actual annual operating expenses for the year ended December 31, 2002 were less than the amount shown in the table due to expense reimbursements in effect. These expense reimbursements are voluntary and may be terminated by Prudential Investments LLC at any time. After accounting for the expense reimbursements, the Portfolio's actual annual operating expenses were:

<u>Portfolio Name</u>	<u>Total Actual Annual Portfolio Operating Expenses After Expense Reimbursement</u>
SP AIM Aggressive Growth Portfolio	1.07%
SP AIM Core Equity Portfolio	1.00%
SP Alliance Large Cap Growth Portfolio	1.10%
SP Alliance Technology Portfolio	1.30%
SP Davis Value Portfolio	0.83%
SP Deutsche International Equity Portfolio	1.10%
SP INVESCO Small Company Growth Portfolio	1.15%
SP Jennison International Growth Portfolio	1.24%
SP Large Cap Value Portfolio	0.90%
SP MFS Capital Opportunities Portfolio	1.00%
SP Mid Cap Growth Portfolio	1.00%
SP PIMCO High Yield Portfolio	0.82%
SP PIMCO Total Return Portfolio	0.67%
SP Prudential U.S. Emerging Growth Portfolio	0.90%
SP Small/Mid Cap Value Portfolio	1.05%
SP Strategic Partners Focused Growth Portfolio	1.01%

** Each Asset Allocation Portfolio invests only in shares of other Underlying Fund Portfolios. The management fees for the Asset Allocation Portfolios are the product of a blend of the management fees of the underlying Fund Portfolios, plus a 0.05% annual management fee paid to Prudential Investments LLC. The only management fee directly paid by the Asset Allocation Portfolios is the 0.05% fee paid to Prudential Investments LLC.

*** Although the Asset Allocation Portfolios do not incur any expenses directly other than the 0.05% fee paid to Prudential Investments LLC, shareholders indirectly bear the expenses of the Underlying Fund Portfolios in which the Asset Allocation Portfolios invest.

Contract described herein is no longer available for sale.

Example

The following example, which reflects the Portfolio operating expenses listed in the preceding tables, is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The following example does not include the effect of Contract charges. For more information about Contract charges see the accompanying Contract prospectus.

The example assumes that you invest \$10,000 in shares of the Portfolios for the time periods indicated. The example also assumes that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same as in the prior tables. The figures shown would be the same whether or not you sold your shares at the end of each period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Equity Portfolio	49	154	269	604
Global Portfolio	84	262	455	1,014
Jennison Portfolio	62	195	340	762
Money Market Portfolio	44	138	241	542
Stock Index Portfolio	38	119	208	468
Value Portfolio	44	138	241	542
SP AIM Aggressive Growth Portfolio	284	871	1,484	3,138
SP AIM Core Equity Portfolio	182	563	970	2,105
SP Alliance Large Cap Growth Portfolio	121	378	654	1,443
SP Alliance Technology Portfolio	303	927	1,577	3,318
SP Davis Value Portfolio	89	278	482	1,073
SP Deutsche International Equity Portfolio	180	557	959	2,084
SP INVESCO Small Company Growth Portfolio	233	718	1,230	2,636
SP Jennison International Growth Portfolio	143	443	766	1,680
SP Large Cap Value Portfolio	133	415	718	1,579
SP MFS Capital Opportunities Portfolio	231	712	1,220	2,615
SP Mid Cap Growth Portfolio	171	530	913	1,987
SP PIMCO High Yield Portfolio	110	343	595	1,317
SP PIMCO Total Return Portfolio	84	262	455	1,014
SP Prudential U.S. Emerging Growth Portfolio	100	312	542	1,201
SP Small/Mid Cap Value Portfolio	112	350	606	1,340
SP Strategic Partners Focused Growth Portfolio	201	621	1,068	2,306
SP Aggressive Growth Asset Allocation Portfolio	5	16	28	64
SP Balanced Asset Allocation Portfolio	5	16	28	64
SP Conservative Asset Allocation Portfolio	5	16	28	64
SP Growth Asset Allocation Portfolio	5	16	28	64

MORE DETAILED INFORMATION ON HOW THE PORTFOLIOS INVEST

Investment Objectives and Policies

We describe each Portfolio's investment objective and policies below. We describe certain investment instruments that appear in bold lettering below in the section entitled More Detailed Information About Other Investments and Strategies Used by the Portfolios. Although we make every effort to achieve each Portfolio's objective, we can't guarantee success and it is possible that you could lose money. Unless otherwise stated, each Portfolio's investment objective is a fundamental policy that cannot be changed without shareholder approval. The Board of Directors can change investment policies that are not fundamental.

An investment in a Portfolio is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Equity Portfolio

The investment objective of this Portfolio is **long term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Blend Approach

In deciding which stocks to buy, our portfolio managers use a blend of investment styles. That is, we invest in stocks that may be undervalued given the company's earnings, assets, cash flow and dividends and also invest in companies experiencing some or all of the following: a price/earnings ratio lower than earnings per share growth, strong market position, improving profitability and distinctive attributes such as unique marketing ability, strong research and development, new product flow, and financial strength.

We normally invest at least 80% of the Portfolio's investable assets in common stocks of major established corporations as well as smaller companies. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

20% of the Portfolio's investable assets may be invested in short, intermediate or long-term debt obligations, convertible and nonconvertible preferred stock and other equity-related securities. Up to 5% of these investable assets may be rated below investment grade. These securities are considered speculative and are sometimes referred to as "junk bonds."

Up to 30% of the Portfolio's total assets may be invested in foreign securities, including money market instruments, equity securities and debt obligations. For these purposes, we do not consider American Depositary Receipts (**ADRs**) as foreign securities.

Under normal circumstances, the Portfolio may invest a portion of its assets in money market instruments. In addition, we may temporarily invest up to 100% of the Portfolio's assets in money market instruments in response to adverse market conditions or when we are restructuring the portfolio. Investing heavily in these securities limits our ability to achieve our investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell stock index and foreign currency **futures contracts** and options on these futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC. The Portfolio may invest in equity and/or debt securities of **Real Estate Investment Trusts (REITs)**.

Jennison Associates LLC is responsible for managing approximately 50% of the Portfolio's assets. GE Asset Management Inc. and Salomon Brothers Asset Management Inc. are each responsible for managing approximately 25% of the Portfolio's assets.

Global Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Global Investing

This Portfolio is intended to provide investors with the opportunity to invest in companies located throughout the world. Although we are not required to invest in a minimum number of countries, we intend generally to invest in at least three countries, including the U.S. However, in response to market conditions, we can invest up to 35% of the Portfolio's total assets in any one country other than the U.S. (The 35% limitation does not apply to U.S. investments).

We invest primarily in equity and equity-related securities of foreign and U.S. companies. When selecting stocks, we use a growth approach which means we look for companies that have above-average growth prospects. In making our stock picks, we look for companies that have had growth in earnings and sales, high returns on equity and assets or other strong financial characteristics. Often, the companies we choose have superior management, a unique market niche or a strong new product.

The Portfolio may invest up to 100% of its assets in money market instruments in response to adverse market conditions or when we are restructuring the Portfolio. Investing heavily in these securities limits our ability to achieve our investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell **futures contracts** on stock indexes, debt securities, interest rate indexes and foreign currencies and options on these futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may invest in **equity swaps**. The Portfolio may also lend its portfolio securities to brokers, dealers and other financial institutions to earn income.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC. The portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**.

The Portfolio is managed by Jennison Associates LLC.

Jennison Portfolio

The investment objective of this Portfolio is to achieve **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Investment Strategy

We seek to invest in equity securities of established companies with above-average growth prospects. We select stocks on a company-by-company basis using fundamental analysis. In making our stock picks, we look for companies that have had growth in earnings and sales, high returns on equity and assets or other strong financial characteristics. Often, the companies we choose have superior management, a unique market niche or a strong new product.

We normally invest 65% of the Portfolio's total assets in common stocks and preferred stocks of companies with capitalization in excess of \$1 billion.

For the balance of the Portfolio, we may invest in common stocks, preferred stocks and other equity-related securities of companies that are undergoing changes in management, product and/or marketing dynamics which we believe have not yet been reflected in reported earnings or recognized by investors.

In addition, we may invest in debt securities and **mortgage-related securities**. These securities may be rated as low as Baa by Moody's or BBB by S&P (or if unrated, of comparable quality in our judgment).

The Portfolio may also invest in obligations issued or guaranteed by the U.S. Government, its agencies and instrumentalities. Up to 30% of the Portfolio's assets may be invested in foreign equity and equity-related securities. For these purposes, we do not consider American Depositary Receipts (**ADRs**) as foreign securities.

In response to adverse market conditions or when restructuring the Portfolio, we may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits our ability to achieve our investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell stock index and foreign currency **futures contracts** and options on those futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may invest in **equity swap** agreements.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC. The Portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**.

The Portfolio is managed by Jennison Associates LLC.

Money Market Portfolio

The investment objective of this Portfolio is to **seek the maximum current income that is consistent with stability of capital and maintenance of liquidity**. While we make every effort to achieve our objective, we can't guarantee success.

Steady Net Asset Value

The net asset value for the Portfolio will ordinarily remain issued at \$10 per share because dividends are declared and reinvested daily. The price of each share remains the same, but when dividends are declared the value of your investment grows.

We invest in a diversified portfolio of short-term debt obligations of the U.S. Government, its agencies and instrumentalities, as well as commercial paper, asset backed securities, funding agreements, certificates of deposit, floating and variable rate demand notes, notes and other obligations issued by banks, corporations and other companies (including trust structures), and obligations issued by foreign banks, companies or foreign governments.

We make investments that meet the requirements of specific rules for money market mutual funds, such as Investment Company Act of 1940 ("Investment Company Act") Rule 2a-7. As such, we will not acquire any security with a remaining maturity exceeding thirteen months, and we will maintain a dollar-weighted average portfolio maturity of 90 days or less. In addition, we will comply with the diversification, quality and other requirements of Rule 2a-7. This means, generally, that the instruments that we purchase present "minimal credit risk" and are of "eligible quality." "Eligible quality" for this purpose means a security is: (1) rated in one of the two highest short-term rating categories by at least two major rating services (or if only one major rating service has rated the security, as rated by that service); or (2) if unrated, of comparable quality in our judgment. All securities that we purchase will be denominated in U.S. dollars.

Commercial paper is short-term debt obligations of banks, corporations and other borrowers. The obligations are usually issued by financially strong businesses and often include a line of credit to protect purchasers of the obligations.

An asset-backed security is a loan or note that pays interest based upon the cash flow of a pool of assets, such as mortgages, loans and credit card receivables. Funding agreements are contracts issued by insurance companies that guarantee a return of principal, plus some amount of interest. When purchased by money market funds, funding agreements will typically be short-term and will provide an adjustable rate of interest.

Certificates of deposit, time deposits and bankers' acceptances are obligations issued by or through a bank. These instruments depend upon the strength of the bank involved in the borrowing to give investors comfort that the borrowing will be repaid when promised.

We may purchase debt securities that include demand features, which allow us to demand repayment of a debt obligation before the obligation is due or "matures." This means that longer term securities can be purchased because of our expectation that we can demand repayment of the obligation at a set price within a relatively short period of time, in compliance with the rules applicable to money market mutual funds.

The Portfolio may also purchase floating rate and variable rate securities. These securities pay interest at rates that change periodically to reflect changes in market interest rates. Because these securities adjust the interest they pay, they may be beneficial when interest rates are rising because of the additional return the Portfolio will receive, and they may be detrimental when interest rates are falling because of the reduction in interest payments to the Portfolio.

The securities that we may purchase may change over time as new types of money market instruments are developed. We will purchase these new instruments, however, only if their characteristics and features follow the rules governing money market mutual funds.

We may also use alternative investment strategies including derivatives to try to improve the Portfolio's returns, protect its assets or for short-term cash management. There is no guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available or that the Portfolio will not lose money.

We may purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

The Portfolio may use up to 10% of its net assets in connection with **reverse repurchase agreements**.

The Portfolio is managed by Prudential Investment Management, Inc.

An investment in the Portfolio is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the Portfolio seeks to preserve the value of an investment at \$10 per share, it is possible to lose money by investing in the Portfolio.

Stock Index Portfolio

The investment objective of this Portfolio is to achieve **investment results that generally correspond to the performance of publicly-traded common stocks**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

S&P 500 Index

We attempt to achieve the investment results that generally corresponds to the performance of the Standard & Poor's 500 Composite Stock Price Index (S&P 500 Index), a market-weighted index which represents more than 70% of the market value of all publicly-traded common stocks.

To achieve our objective, we use the performance of the S&P 500 Index. Under normal conditions, we attempt to invest in all 500 stocks represented in the S&P 500 Index in proportion to their weighting in the S&P 500 Index. We will normally invest at least 80% of the Portfolio's investable assets in S&P 500 Index stocks, but we will attempt to remain as fully invested in the S&P 500 Index stocks as possible in light of cash flow into and out of the Portfolio. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

To manage investments and redemptions in the Portfolio, we may temporarily hold cash or invest in high-quality money market instruments. To the extent we do so, the Portfolio's performance will differ from that of the S&P 500 Index. We attempt to minimize differences in the performance of the Portfolio and the S&P 500 Index by using stock index **futures contracts**, **options** on stock indexes and **options** on stock index futures contracts. The Portfolio will not use these derivative securities for speculative purposes or to hedge against a decline in the value of the Portfolio's holdings.

We may also use alternative investment strategies including derivatives to try to improve the Portfolio's returns or for short-term cash management. There is no guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available or that the Portfolio will not lose money.

We may: purchase and sell **options** on stock indexes; purchase and sell stock **futures contracts** and options on those futures contracts; and purchase and sell exchange-traded fund shares.

The Portfolio may also enter into **short sales** and **short sales against-the-box**. No more than 5% of the Portfolio's total assets may be used as collateral or segregated for purposes of securing a short sale obligation.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC. The Portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**.

The Portfolio is managed by Prudential Investment Management, Inc.

A stock's inclusion in the S&P 500 Index in no way implies S&P's opinion as to the stock's attractiveness as an investment. The portfolio is not sponsored, endorsed, sold or promoted by S&P. S&P makes no representations regarding the advisability of investing in the portfolio. "Standard & Poor's," "Standard & Poor's 500" and "500" are trademarks of McGraw Hill.

Value Portfolio

The investment objective of this Portfolio is to seek **capital appreciation**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Value Approach

In deciding which stocks to buy, we use what is known as a value investment style. That is, we invest in stocks that we believe are undervalued, given the company's earnings, cash flow or asset values. We look for catalysts that will help unlock inherent value. A number of conditions can warrant the sale of an existing position, including (1) the stock has reached its price target; (2) the company experiences a deterioration of fundamentals in which the earnings do not emerge as expected; (3) the catalyst condition for buying the stock no longer exists; or (4) the price of the stock deteriorates from the purchase price without a reasonable explanation.

We will normally invest at least 65% of the Portfolio's total assets in equity and equity-related securities. Most of our investments will be securities of large capitalization companies. When deciding which stocks to buy, we look at a company's earnings, balance sheet and cash flow and then at how these factors impact the stock's price and return. We focus on stocks that are undervalued — those stocks that are trading below their underlying asset value, cash generating ability, and overall earnings and earnings growth. We also buy equity-related securities — like bonds, corporate notes and preferred stock — that can be converted into a company's common stock or other equity security.

Up to 35% of the Portfolio's total assets may be invested in other debt obligations including non-convertible preferred stock. When acquiring these types of securities, we usually invest in obligations rated A or better by Moody's or S&P. We may also invest in obligations rated as low as CC by Moody's or Ca by S&P. These securities are considered speculative and are often referred to as "junk bonds." We may also invest in instruments that are not rated, but which we believe are of comparable quality to the instruments described above.

Up to 30% of the Portfolio's total assets may be invested in foreign securities, including money market instruments, equity securities and debt obligations. For these purposes, we do not consider American Depositary Receipts (**ADRs**) as foreign securities.

Under normal circumstances, the Portfolio may invest up to 35% of its total assets in high-quality money market instruments. In response to adverse market conditions or when we are restructuring the Portfolio, we may temporarily invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits our ability to achieve our investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management. The Portfolio may invest in **swap** agreements, including interest rate and equity swaps.

We may: purchase and sell **options** on equity securities, purchase and sell exchange traded funds, stock indexes and foreign currencies; purchase and sell stock index and foreign currency **futures contracts** and options on these futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **short sales** and **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC. The Portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**.

As of December 31, 2002, Jennison Associates LLC is responsible for managing 100% of the Portfolio's assets. Prior to December 13, 2002, Jennison Associates LLC was responsible for managing approximately 50% of the Portfolio's assets, and Victory Capital Management Inc. and Deutsche Asset Management, Inc. were each responsible for managing approximately 25% of the Portfolio's assets.

SP AIM Aggressive Growth Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. This investment objective is non-fundamental, meaning that we can change the objective without seeking a vote of contract owners. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Aggressive Growth Stock Investing

The Portfolio invests primarily in the common stock of small and medium-sized companies that are anticipated to have excellent prospects for long-term growth of earnings.

The Portfolio will invest primarily in small- and medium-sized growth companies. The portfolio managers focus on companies they believe are likely to benefit from new or innovative products, services or processes as well as those that have experienced above-average, long-term growth in earnings and have excellent prospects for future growth. The portfolio managers invest primarily in securities of companies whose earnings they expect to grow more than 15% per year. The portfolio managers consider whether to sell a particular security when any of those factors materially changes.

The Portfolio may invest up to 25% of its total assets in foreign securities. In anticipation of or in response to adverse market conditions, for cash management purposes, or for defensive purposes, the Portfolio may temporarily hold all or a portion of its assets in cash, money market instruments, shares of affiliated money market funds, bonds or other debt securities. The Portfolio may borrow for emergency or temporary purposes. As a result, the Portfolio may not achieve its investment objective.

The Portfolio may purchase and sell stock index **futures contracts** and related options on stock index futures, and may purchase and sell futures contracts on foreign currencies and related options on foreign currency futures

contracts. The Portfolio may invest up to 15% of its total assets in **Real Estate Investment Trusts (REITs)**, and the Portfolio may invest in the securities of other investment companies to the extent otherwise permissible under the Investment Company Act, and the rules, regulations and orders promulgated thereunder. The Portfolio also may invest in preferred stock, convertible debt, convertible preferred stock, **forward foreign currency exchange contracts**, restricted securities, repurchase agreements, **reverse repurchase agreements** and **dollar rolls**, warrants, **when-issued and delayed delivery securities**, **options** on stock and debt securities, options on stock indexes, and options on foreign currencies. The Portfolio may also invest in equity-linked derivative products designed to replicate the composition and performance of particular indices. Examples of such products include S&P Depositary Receipts, World Equity Benchmark Series, NASDAQ 100 tracking shares, Dow Jones Industrial Average Instruments and Optimised Portfolios as Listed Securities. Investments in equity-linked derivatives involve the same risks associated with a direct investment in the types of securities included in the indices such products are designed to track. There can be no assurance that the trading price of the equity-linked derivatives will equal the underlying value of the basket of securities purchased to replicate a particular index or that such basket will replicate the index. Investments in equity-linked derivatives may constitute investment in other investment companies. The Portfolio may invest in U.S. Government securities and may make **short sales against-the-box** (no more than 10% of the Portfolio's total assets may be deposited or pledged as collateral for short sales at any one time).

The Portfolio is managed by A I M Capital Management, Inc.

SP AIM Core Equity Portfolio

The investment objective of this Portfolio is **growth of capital**. This investment objective is non-fundamental, meaning that we can change the objective without seeking a vote of contract owners. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The Portfolio normally invests at least 80% of investible assets in equity securities, including convertible securities, of established companies that have long-term above-average growth in earnings and growth companies that the portfolio managers believe have the potential for above-average growth in earnings. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners. In complying with this 80% requirement, the Portfolio's investments may include synthetic instruments. Synthetic instruments are investments that have economic characteristics similar to the Portfolio's direct investments, and may include warrants, **futures**, **options**, exchange-traded funds and American Depositary Receipts (**ADRs**).

Growth Investing

This Portfolio invests in a wide variety of equity securities and debt securities in an effort to achieve capital appreciation.

The Portfolio may invest in corporate debt securities. Corporations issue debt securities of various types, including bonds and debentures (which are long-term), notes (which may be short- or long-term), bankers acceptances (indirectly secured borrowings to facilitate commercial transactions) and commercial paper (short-term unsecured notes).

The Portfolio may also invest in convertible securities whose values will be affected by market interest rates, the risk that the issuer may default on interest or principal payments and the value of the underlying common stock into which these securities may be converted. Specifically, since these types of convertible securities pay fixed interest and dividends, their values may fall if interest rates rise and rise if market interest rates fall. Additionally, an issuer may have the right to buy back certain of the convertible securities at a time and price that is unfavorable to the Portfolio.

The values of fixed rate income securities tend to vary inversely with changes in interest rates, with longer-term securities generally being more volatile than shorter-term securities. Corporate securities frequently are subject to call provisions that entitle the issuer to repurchase such securities at a predetermined price prior to their stated maturity. In the event that a security is called during a period of declining interest rates, the Portfolio may be required to reinvest the proceeds in securities having a lower yield. In addition, in the event that a security was purchased at a premium over the call price, the Portfolio will experience a capital loss if the security is called. Adjustable rate corporate debt securities may have interest rate caps and floors.

The Portfolio may invest in securities issued or guaranteed by the United States Government or its agencies or instrumentalities. These include Treasury securities (bills, notes, bonds and other debt securities) which differ only in their interest rates, maturities and times of issuance. U.S. Government agency and instrumentality securities include securities which are supported by the full faith and credit of the U.S., securities that are supported by the right of the agency to borrow from the U.S. Treasury, securities that are supported by the discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality and securities that are supported only by the credit of such agencies. While the U.S. Government may provide financial support to such U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it always will do so. The U.S. Government, its agencies and instrumentalities do not guarantee the market value of their securities. The values of such securities fluctuate inversely to interest rates.

To the extent consistent with its investment objective and policies, the Portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**. Such investments will not exceed 15% of the total assets of the Portfolio. To the extent that the Portfolio has the ability to invest in REITs, it could conceivably own real estate directly as a result of a default on the securities it owns. The Portfolio, therefore, may be subject to certain risks associated with the direct ownership of real estate including difficulties in valuing and trading real estate, declines in the value of real estate, risks related to general and local economic condition, adverse change in the climate for real estate, environmental liability risks, increases in property taxes and operating expense, changes in zoning laws, casualty or condemnation losses, limitations on rents, changes in neighborhood values, the appeal of properties to tenants, and increases in interest rates.

The Portfolio may hold up to 20% of its assets in foreign securities. Such investments may include American Depositary Receipts (**ADRs**), European Depositary Receipts (EDRs) and other securities representing underlying securities of foreign issuers. These securities may not necessarily be denominated in the same currency as the securities into which they may be converted.

The Portfolio has authority to deal in foreign exchange between currencies of the different countries in which it will invest either for the settlement of transactions or as a hedge against possible variations in the foreign exchange rates between those currencies. This may be accomplished through direct purchases or sales of foreign currency, purchases of futures contracts with respect to foreign currency (and options thereon), and contractual agreements to purchase or sell a specified currency at a specified future date (up to one year) at a price set at the time of the contract. Such contractual commitments may be forward contracts entered into directly with another party or exchange-traded futures contracts. The Portfolio may purchase and sell options on futures contracts or forward contracts which are denominated in a particular foreign currency to hedge the risk of fluctuations in the value of another currency.

The Portfolio may invest in **reverse repurchase agreements** with banks. The Portfolio may employ reverse repurchase agreements (i) for temporary emergency purposes, such as to meet unanticipated net redemptions so as to avoid liquidating other portfolio securities during unfavorable market conditions; (ii) to cover short-term cash requirements resulting from the timing of trade settlements; or (iii) to take advantage of market situations where the interest income to be earned from the investment of the proceeds of the transaction is greater than the interest expense of the transaction.

The Portfolio may purchase securities of unseasoned issuers. Securities in such issuers may provide opportunities for long term capital growth. Greater risks are associated with investments in securities of unseasoned issuers than in the securities of more established companies because unseasoned issuers have only a brief operating history and may have more limited markets and financial resources. As a result, securities of unseasoned issuers tend to be more volatile than securities of more established companies.

The Portfolio may invest in other investment companies to the extent permitted by the Investment Company Act, and rules and regulations thereunder, and if applicable, exemptive orders granted by the SEC.

The Portfolio may purchase and sell stock index **futures contracts** and related options on stock index futures, and may purchase and sell futures contracts on foreign currencies and related options on foreign currency futures contracts. The Portfolio may invest in the securities of other investment companies to the extent otherwise permissible under the Investment Company Act and the rules, regulations and orders promulgated thereunder. The Portfolio also

may invest in preferred stock, convertible debt, convertible preferred stock, **forward foreign currency exchange contracts**, restricted securities, repurchase agreements, **reverse repurchase agreements** and **dollar rolls**, warrants, **when-issued and delayed delivery securities**, **options** on stock and debt securities, options on stock indexes, and options on foreign currencies. The Portfolio may also invest in equity-linked derivative products designed to replicate the composition and performance of particular indices. Examples of such products include S&P Depositary Receipts, World Equity Benchmark Series, NASDAQ 100 tracking shares, Dow Jones Industrial Average Instruments and Optimised Portfolios as Listed Securities. Investments in equity-linked derivatives involve the same risk associated with a direct investment in the types of securities included in the indices such products are designed to track. There can be no assurance that the trading price of the equity-linked derivatives will equal the underlying value of the basket of securities purchased to replicate a particular index or that such basket will replicate the index. Investments in equity-linked derivatives may constitute investment in other investment companies. This Portfolio may invest in U.S. Government securities, and **short sales against-the-box** (no more than 10% of the Portfolio's total assets may be deposited or pledged as collateral for short sales at any one time).

In anticipation of or in response to adverse market conditions, for cash management purposes, or for defensive purposes, the Portfolio may temporarily hold all or a portion of its assets in cash, money market instruments, shares of affiliated money market funds, bonds or other debt securities. The Portfolio may borrow for emergency or temporary purposes. As a result, the Portfolio may not achieve its investment objective.

The Portfolio is managed by A I M Capital Management, Inc.

SP Alliance Large Cap Growth Portfolio

The investment objective of this Portfolio is **growth of capital by pursuing aggressive investment policies**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Large Cap Growth

The Portfolio usually invests in about 40-60 companies, with the 25 most highly regarded of these companies generally constituting approximately 70% of the Portfolio's investable assets. Alliance seeks to gain positive returns in good markets while providing some measure of protection in poor markets.

Under normal circumstances, the Portfolio invests at least 80% of its investable assets in stocks of companies considered to have large capitalizations. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners. During market declines, while adding to positions in favored stocks, the Portfolio becomes somewhat more aggressive, gradually reducing the number of companies represented in its portfolio. Conversely, in rising markets, while reducing or eliminating fully-valued positions, the Portfolio becomes somewhat more conservative, gradually increasing the number of companies represented in the portfolio. Through this approach, Alliance seeks to gain positive returns in good markets while providing some measure of protection in poor markets.

The Portfolio also may invest up to 20% of its investable assets in **convertible debt and convertible preferred stock** and up to 15% of its total assets in equity securities of non-U.S. companies.

The Portfolio will invest in special situations from time to time. A special situation arises when, in the opinion of Alliance, the securities of a particular company will, within a reasonably estimable period of time, be accorded market recognition at an appreciated value solely by reason of a development particularly or uniquely applicable to that company, and regardless of general business conditions or movements of the market as a whole. Developments creating special situations might include, among other, liquidations, reorganizations, recapitalizations or mergers, material litigation, technological breakthroughs and new management or management policies. Although large and well-known companies may be involved, special situations often involve much greater risk than is inherent in ordinary investment securities.

Among the principal risks of investing in the Portfolio is market risk. Because the Portfolio invests in a smaller number of securities than many other equity funds, your investment has the risk that changes in the value of a single security may have a more significant effect, either negative or positive, on the Portfolio's net asset value.

The Portfolio seeks long-term growth of capital by investing predominantly in the equity securities of a limited number of large, carefully selected, high-quality U.S. companies that are judged likely to achieve superior earnings growth. As a matter of fundamental policy, the Portfolio normally invests at least 85% of its total assets in the equity securities of U.S. companies. The Portfolio is thus atypical from most equity mutual funds in its focus on a relatively small number of intensively researched companies. The Portfolio is designed for those seeking to accumulate capital over time with less volatility than that associated with investment in smaller companies.

Alliance's investment strategy for the Portfolio emphasizes stock selection and investment in the securities of a limited number of issuers. Alliance relies heavily upon the fundamental analysis and research of its large internal research staff, which generally follows a primary research universe of more than 500 companies that have strong management, superior industry positions, excellent balance sheets and superior earnings growth prospects. An emphasis is placed on identifying companies whose substantially above average prospective earnings growth is not fully reflected in current market valuations.

In managing the Portfolio, Alliance seeks to utilize market volatility judiciously (assuming no change in company fundamentals), striving to capitalize on apparently unwarranted price fluctuations, both to purchase or increase positions on weakness and to sell or reduce overpriced holdings. The Portfolio normally remains nearly fully invested and does not take significant cash positions for market timing purposes.

The Portfolio may invest up to 15% of its total assets in foreign securities. The Portfolio may purchase and sell exchange-traded index options and stock index **future contracts**. The Portfolio may also write covered exchange-traded call **options** on its securities of up to 15% of its total assets, and purchase and sell exchange-traded call and put options on common stocks written by others of up to, for all options, 10% of its total assets. The Portfolio may make **short sales against-the-box** of up to 15% of its net assets and invest up to 10% of its total assets in illiquid securities.

The Portfolio may invest in a wide variety of equity securities including large cap stocks, convertible and preferred securities, warrants and rights. The Portfolio may also invest in foreign securities, including foreign equity securities, and other securities that represent interests in foreign equity securities, such as European Depositary Receipts (EDRs) and Global Depositary Receipts (GDRs). The Portfolio may invest in American Depositary Receipts (**ADRs**), which are not subject to the 15% limitation on foreign securities. The Portfolio may also invest in derivatives and in short term investments, including money market securities, short term U.S. Government obligations, repurchase agreements, commercial paper, banker's acceptances and certificates of deposit.

In response to adverse market conditions or when restructuring the Portfolio, Alliance may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

The Portfolio is managed by Alliance Capital Management, L.P.

SP Alliance Technology Portfolio

The investment objective of this Portfolio is **growth of capital**. Current income is only an incidental consideration. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Technology Focus

This Portfolio normally invests at least 80% of its investable assets in technology companies.

The Portfolio invests primarily in securities of companies expected to benefit from technological advances and improvements (i.e., companies that use technology extensively in the development of new or improved products or processes). The Portfolio will normally have at least 80% of its investable assets invested in the securities of these companies. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

The Portfolio normally will have substantially all of its assets invested in equity securities, but it also invests in debt securities offering an opportunity for price appreciation. The Portfolio will invest in listed and unlisted securities, in U.S. securities, and up to 25% of its total assets in foreign securities.

The Portfolio's policy is to invest in any company and industry and in any type of security with potential for capital appreciation. It invests in well-known and established companies and in new and unseasoned companies.

The Portfolio also may write covered call **options** on its securities of up to 15% of its total assets and purchase exchange-listed call and put options, including exchange-traded index put options of up to, for all options, 10% of its total assets. The Portfolio may invest up to 10% of its total assets in warrants, invest up to 15% of its net assets in illiquid securities and make loans of portfolio securities of up to 30% of its total assets.

Because the Portfolio invests primarily in technology companies, factors affecting those types of companies could have a significant effect on the Portfolio's net asset value. In addition, the Portfolio's investments in technology stocks, especially those of small, less-seasoned companies, tend to be more volatile than the overall market. The Portfolio's investments in debt and foreign securities have credit risk and foreign risk.

In response to adverse market conditions or when restructuring the Portfolio, Alliance may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

The Portfolio is managed by Alliance Capital Management, L.P.

SP Davis Value Portfolio

The investment objective of this Portfolio is **growth of capital**. While we will make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The Davis Back-to-Basics Approach

Under the Davis philosophy, Davis seeks to identify companies possessing ten basic characteristics, which Davis believes will foster sustainable long-term growth.

The Portfolio invests primarily in common stocks of U.S. companies with market capitalizations of at least \$5 billion, but it may also invest in foreign companies and U.S. companies with smaller capitalizations. In keeping with the Davis investment philosophy, the portfolio managers select common stocks that offer the potential for capital growth over the long-term.

COMMON STOCKS

What They Are. Common stock represents ownership of a company.

How They Pick Them. The Davis investment philosophy stresses a back-to-basics approach: they use extensive research to buy growing companies at value prices and hold on to them for the long-term. Over the years, Davis Advisors has developed a list of ten characteristics that they believe foster sustainable long-term growth, minimize risk and enhance the potential for superior long-term returns. While very few companies have all ten, Davis searches for those possessing several of the characteristics that are listed below.

Why They Buy Them. SP Davis Value Portfolio buys common stock to take an ownership position in companies with growth potential, and then holds that position long enough to realize the benefits of growth.

The Portfolio may also invest in foreign securities, primarily as a way of providing additional opportunities to invest in quality overlooked growth stocks. Investment in foreign securities can also offer the Portfolio the potential for economic diversification.

WHAT DAVIS LOOKS FOR IN A COMPANY

1. **First-Class Management.** The Davis investment philosophy believes that great companies are created by great managers. In visiting companies, they look for managers with a record of doing what they say they are going to do.
2. **Management Ownership.** Just as they invest heavily in their own portfolios, they look for companies where individual managers own a significant stake.
3. **Strong Returns on Capital.** They want companies that invest their capital wisely and reap superior returns on those investments.
4. **Lean Expense Structure.** Companies that can keep costs low are able to compete better, especially in difficult times. A low cost structure sharply reduces the risk of owning a company's shares.
5. **Dominant or Growing Market Share in a Growing Market.** A company that is increasing its share of a growing market has the best of both worlds.
6. **Proven Record as an Acquirer.** When an industry or market downturn occurs, it is a good idea to own companies that can take advantage of attractive prices to expand operations through inexpensive acquisitions.
7. **Strong Balance Sheet.** Strong finances give a company staying power to weather difficult economic cycles.
8. **Competitive Products or Services.** Davis invests in companies with products that are not vulnerable to obsolescence.
9. **Successful International Operations.** A proven ability to expand internationally reduces the risk of being tied too closely to the U.S. economic cycle.
10. **Innovation.** The savvy use of technology in any business, from a food company to an investment bank, can help reduce costs and increase sales.

Other Securities and Investment Strategies

The Portfolio invests primarily in the common stock of large capitalization domestic companies. There are other securities in which the Portfolio may invest, and investment strategies which the Portfolio may employ, but they are not principal investment strategies. The Portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**.

The Portfolio uses short-term investments to maintain flexibility while evaluating long-term opportunities. The Portfolio also may use short-term investments for temporary defensive purposes; in the event the portfolio managers anticipate a decline in the market values of common stock of large capitalization domestic companies, they may reduce the risk by investing in short-term securities until market conditions improve. Unlike common stocks, these investments will not appreciate in value when the market advances. In such a circumstance, the short-term investments will not contribute to the Portfolio's investment objective.

The Portfolio is managed by Davis Advisors.

SP Deutsche International Equity Portfolio

The investment objective of this Portfolio is **long-term capital appreciation**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

International Equities From Developed Countries

The Portfolio invests primarily in the stocks of companies located in developed foreign countries that make up the MSCI EAFE Index, plus Canada. The Portfolio also may invest in emerging markets securities.

Under normal circumstances, the Portfolio invests at least 80% of its investable assets in the stocks and other securities with equity characteristics of companies in developed countries outside the United States. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

The Portfolio invests for the long term. The Portfolio employs a strategy of growth at a reasonable price. The Portfolio seeks to identify companies outside the United States that combine strong potential for earnings growth with reasonable investment value. Such companies typically exhibit increasing rates of profitability and cash flow, yet their share prices compare favorably to other stocks in a given market and to their global peers. In evaluating stocks, the Portfolio considers factors such as sales, earnings, cash flow and enterprise value. Enterprise value is a company's market capitalization plus the value of its net debt. The Portfolio further considers the relationship between these and other quantitative factors.

Together, these indicators of growth and value may identify companies with improving prospects before the market in general has taken notice.

Principal Investments

Almost all the companies in which the Portfolio invests are based in the developed foreign countries that make up the MSCI EAFE Index, plus Canada. The Portfolio may also invest a portion of its assets in companies based in the emerging markets of Latin America, the Middle East, Europe, Asia and Africa if it believes that its return potential more than compensates for the extra risks associated with these markets. Under normal market conditions investment in emerging markets is not considered to be a central element of the Portfolio's strategy. Typically, the Portfolio will not hold more than 15% of its net assets in emerging markets. The Portfolio may invest in a variety of debt securities, equity securities, and other instruments, including convertible securities, warrants, foreign securities, **options** (on stock, debt, stock indices, foreign currencies, and futures), **futures contracts**, forward foreign currency exchange contracts, **interest rate swaps**, **loan participations**, **reverse repurchase agreements**, **dollar rolls**, **when-issued and delayed delivery securities**, short sales, and illiquid securities.

Investment Process

Company research lies at the heart of Deutsche Asset Management Investment Services Limited's (DeAMIS's) investment process, as it does with many stock mutual fund portfolios. Several thousand companies are tracked to arrive at the approximately 100 stocks the Portfolio normally holds. But the process brings an added dimension to this fundamental research. It draws on the insight of experts from a range of financial disciplines — regional stock market specialists, global industry specialists, economists and quantitative analysts. They challenge, refine and amplify each other's ideas. Their close collaboration is a critical element of the investment process.

Temporary Defensive Position. The Portfolio may from time to time adopt a temporary defensive position in response to extraordinary adverse political, economic or stock market events. The Portfolio may invest up to 100% of its assets in U.S. or foreign government money market investments, or other short-term bonds that offer comparable safety, if the situation warranted. To the extent the Portfolio might adopt such a position over the course of its duration, the Portfolio may not meet its goal of long-term capital appreciation.

Primary Risks

Market Risk. Although individual stocks can outperform their local markets, deteriorating market conditions might cause an overall weakness in the stock prices of the entire market.

Stock Selection Risk. A risk that pervades all investing is the risk that the securities an investor has selected will not perform to expectations. To minimize this risk, DeAMIS monitors each of the stocks in the Portfolio according to three basic quantitative criteria. They subject a stock to intensive review if:

- its rate of price appreciation begins to trail that of its national stock index;
- the financial analysts who follow the stock, both within DeAMIS and outside, cut their estimates of the stock's future earnings; or
- the stock's price approaches the downside target set when they first bought the stock (and may since have modified to reflect changes in market and economic conditions).

In this review, DeAMIS seeks to learn if the deteriorating performance accurately reflects deteriorating prospects or if it merely reflects investor overreaction to temporary circumstances.

Foreign Stock Market Risk. From time to time, foreign capital markets have exhibited more volatility than those in the United States. Trading stocks on some foreign exchanges is inherently more difficult than trading in the United States for reasons including:

- **Political Risk.** Some foreign governments have limited the outflow of profits to investors abroad, extended diplomatic disputes to include trade and financial relations, and imposed high taxes on corporate profits. While these political risks have not occurred recently in the major countries in which the Portfolio invests, DeAMIS analyzes countries and regions to try to anticipate these risks.
- **Information Risk.** Financial reporting standards for companies based in foreign markets differ from those in the United States. Since the “numbers” themselves sometimes mean different things, DeAMIS devotes much of its research effort to understanding and assessing the impact of these differences upon a company’s financial conditions and prospects.
- **Liquidity Risk.** Stocks that trade less can be more difficult or more costly to buy, or to sell, than more liquid or active stocks. This liquidity risk is a factor of the trading volume of a particular stock, as well as the size and liquidity of the entire local market. On the whole, foreign exchanges are smaller and less liquid than the U.S. market. This can make buying and selling certain shares more difficult and costly. Relatively small transactions in some instances can have a disproportionately large effect on the price and supply of shares. In certain situations, it may become virtually impossible to sell a stock in an orderly fashion at a price that approaches an estimate of its value.
- **Regulatory Risk.** Some foreign governments regulate their exchanges less stringently, and the rights of shareholders may not be as firmly established.

In an effort to reduce these foreign stock market risks, the Portfolio diversifies its investments, just as you may spread your investments among a range of securities so that a setback in one does not overwhelm your entire strategy. In this way, a reversal in one market or stock need not undermine the pursuit of long-term capital appreciation.

Currency Risk. The Portfolio invests in foreign securities denominated in foreign currencies. This creates the possibility that changes in foreign exchange rates will affect the value of foreign securities or the U.S. dollar amount of income or gain received on these securities. DeAMIS seeks to minimize this risk by actively managing the currency exposure of the Portfolio.

Emerging Market Risk. To the extent that the Portfolio does invest in emerging markets to enhance overall returns, it may face higher political, information, and stock market risks. In addition, profound social changes and business practices that depart from norms in developed countries’ economies have hindered the orderly growth of emerging economies and their stock markets in the past. High levels of debt tend to make emerging economies heavily reliant on foreign capital and vulnerable to capital flight. For all these reasons, the Portfolio carefully limits and balances its commitment to these markets.

Secondary Risks

Small Company Risk. Although the Portfolio generally invests in the shares of large, well-established companies, it may occasionally take advantage of exceptional opportunities presented by small companies. Such opportunities pose unique risks. Small company stocks tend to experience steeper price fluctuations — down as well as up — than the stocks of larger companies. A shortage of reliable information — the same information gap that creates opportunity in small company investing — can also pose added risk. Industrywide reversals have had a greater impact on small companies, since they lack a large company’s financial resources. Finally, small company stocks are typically less liquid than large company stocks; when things are going poorly, it is harder to find a buyer for a small company’s shares.

Pricing Risk. When price quotations for securities are not readily available, they are valued by the method that most accurately reflects their current worth in the judgment of the Board. This procedure implies an unavoidable risk, the risk that our prices are higher or lower than the prices that the securities might actually command if we sold them.

The Portfolio is managed by Deutsche Asset Management Investment Services Limited. (DeAMIS).

SP INVESCO Small Company Growth Portfolio

The investment objective of this Portfolio is **long-term capital growth**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Small Cap Stock Portfolio

The Portfolio generally invests primarily in the stocks of companies with small market capitalizations.

Under normal circumstances, the Portfolio will invest at least 80% of its investable assets in common stocks of small-capitalization companies — those which are included in the Russell 2000 Growth Index at the time of purchase, or if not included in that index, have market capitalizations of \$2.5 billion or below at the time of purchase. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

INVESCO is primarily looking for companies in the developing stages of their life cycles, which are currently priced below INVESCO's estimation of their potential, have earnings which may be expected to grow faster than the U.S. economy in general, and/or offer earnings growth due to rapid growth of sales, new products, management changes, and/or structural changes in the economy. The Portfolio may invest up to 25% of its assets in securities of non-U.S. issuers. Securities of Canadian issuers and American Depositary Receipts (**ADRs**) are not subject to this 25% limitation.

The Portfolio may use **derivatives**. A derivative is a financial instrument whose value is "derived," in some manner, from the price of another security, index, asset or rate. Derivatives include **options** and **futures contracts**, among a wide range of other instruments.

The Portfolio may invest in **repurchase agreements**. In addition, the Portfolio may invest in debt securities, **ADRs**, convertible securities, junk bonds, warrants, **forward foreign currency exchange contracts**, **interest rate swaps**, **when-issued and delayed delivery securities**, **short sales against-the-box**, U.S. Government securities, Brady Bonds, and illiquid securities. In response to adverse market conditions or when restructuring the Portfolio, INVESCO may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

The Portfolio is managed by INVESCO Funds Group, Inc.

SP Jennison International Growth Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Foreign Stock Growth Portfolio

The Portfolio seeks long-term growth by investing in the common stock of foreign companies. The Portfolio generally invests in about 60 securities of issuers located in at least five different foreign countries.

The Portfolio invests primarily in equity related securities of foreign companies. A company is considered to be a foreign company if it satisfies at least one of the following criteria: its securities are traded principally on stock exchanges in one or more foreign countries; it derives 50% or more of its total revenue from goods produced, sales made or services performed in one or more foreign countries; it maintains 50% or more of its assets in one or more foreign countries; it is organized under the laws of a foreign country; or its principal executive office is located in a foreign country.

The Portfolio invests in about 60 securities of primarily non-U.S. growth companies whose shares appear attractively valued on a relative and absolute basis. The Portfolio looks for companies that have above-average actual and potential earnings growth over the long term and strong financial and operational characteristics. The Portfolio selects stocks on the basis of individual company research. Thus, country, currency and industry weightings are primarily the result of individual stock selections. Although the Portfolio may invest in companies of all sizes, the Portfolio typically focuses on large and medium sized companies. Under normal conditions, the Portfolio intends to invest at least 65% of its total assets in the equity-related securities of foreign companies in at least five foreign countries. The Portfolio may invest anywhere in the world, including North America, Western Europe, the United Kingdom and the Pacific Basin, but generally not the U.S.

The principal type of equity-related security in which the Portfolio invests is common stock. In addition to common stock, the Portfolio may invest in other equity-related securities that include, but are not limited to, preferred stock, rights that can be exercised to obtain stock, warrants and debt securities or preferred stock convertible or exchangeable for common or preferred stock and master limited partnerships. The Portfolio may also invest in American Depositary Receipts (**ADRs**), which we consider to be equity-related securities.

In deciding which stocks to purchase for the Portfolio, Jennison looks for growth companies that have both strong fundamentals and appear to be attractively valued relative to their growth potential. Jennison uses a bottom-up approach in selecting securities for the Portfolio, which means that they select stocks based on individual company research, rather than allocating by country or sector. In researching which stocks to buy, Jennison looks at a company's basic financial and operational characteristics as well as compare the company's stock price to the price of stocks of other companies that are its competitors, absolute historic valuation levels for that company's stock, its earnings growth and the price of existing portfolio holdings. Another important part of Jennison's research process is to have regular contact with management of the companies that they purchase in order to confirm earnings expectations and to assess management's ability to meet its stated goals. Although the Portfolio may invest in companies of all sizes, it typically focuses on large and medium sized companies.

Generally, Jennison looks for companies that have one or more of the following characteristics: actual and potential growth in earnings and cash flow; actual and improving profitability; strong balance sheets; management strength; and strong market share for the company's products.

In addition, Jennison looks for companies whose securities appear to be attractively valued relative to: each company's peer group; absolute historic valuations; and existing holdings of the Portfolio. Generally, they consider selling a security when there is an identifiable change in a company's fundamentals or when expectations of future earnings growth become fully reflected in the price of that security.

The Portfolio may invest in bonds, money market instruments and other fixed income obligations. Generally, the Portfolio will purchase only "Investment-Grade" fixed income investments. This means the obligations have received one of the four highest quality ratings determined by Moody's Investors Service, Inc. (Moody's), or Standard & Poor's Ratings Group (S&P), or one of the other nationally recognized statistical rating organizations (NRSROs). Obligations rated in the fourth category (Baa for Moody's or BBB for S&P) have speculative characteristics and are subject to a greater risk of loss of principal and interest. On occasion, the Portfolio may buy instruments that are not rated, but that are of comparable quality to the investment-grade bonds described above.

In response to adverse market, economic or political conditions, the portfolio may temporarily invest up to 100% of its assets in money market instruments or in the stock and other equity-related securities of U.S. companies. Investing heavily in money market instruments limits the ability to achieve capital appreciation, but may help to preserve the portfolio's assets when global or international markets are unstable. When the portfolio is temporarily invested in equity-related securities of U.S. companies, the portfolio may achieve capital appreciation, although not through investment in foreign companies.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell **futures contracts** on stock indexes, debt securities, interest rate indexes and foreign currencies and options on these

futures contracts; enter into **forward foreign currency exchange contracts**; purchase securities on a **when-issued or delayed delivery** basis; and borrow up to 33 ⅓% of the value of the Portfolio's total assets.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

This Portfolio is managed by Jennison Associates LLC.

SP Large Cap Value Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Large-Cap Value Portfolio

The Portfolio is managed by Fidelity Management & Research Company. The Portfolio normally invests at least 80% of its investable assets in securities of companies with large market capitalizations. The Portfolio normally invests its assets primarily in common stocks.

The Portfolio is managed by Fidelity Management & Research Company (FMR). The Portfolio normally invests its assets primarily in common stock. The Portfolio normally invests at least 80% of the Portfolio's assets in securities of companies with large market capitalizations. Although a universal definition of large market capitalization companies does not exist, for purposes of this Portfolio, FMR generally defines large market capitalization companies as those whose market capitalization is similar to the market capitalization of companies in the S&P 500 Index or the Russell 1000 Index. A company's market capitalization is based on its current market capitalization or its market capitalization at the time of the Portfolio's investment. Companies whose capitalization is below this level after purchase continue to be considered to have large market capitalizations for purposes of the 80% policy. The size of the companies in each index changes with market conditions and the composition of the index. The Portfolio will not change this policy unless it provides 60 days prior written notice to the contract owners.

FMR invests the Portfolio's assets in companies that it believes are undervalued in the marketplace in relation to factors such as the company's assets, sales, earnings, growth potential, or cash flow, or in relation to securities of other companies in the same industry. Companies with these characteristics tend to have lower than average price/earnings (P/E), price/sales (P/S) or price/book (P/B) ratios. The stocks of these companies are often called "value" stocks.

FMR may invest the Portfolio's assets in securities of foreign issuers in addition to securities of domestic issuers.

FMR relies on fundamental analysis of each issuer and its potential for success in light of its current financial condition, its industry position, and economic and market conditions. Factors considered include growth potential, earnings estimates, and management. These securities may then be analyzed using statistical models to further evaluate growth potential, valuation, liquidity and investment risk. In buying and selling securities for the Portfolio, FMR invests for the long term and selects those securities it believes offer strong opportunities for the long-term growth of capital and are attractively valued.

The Portfolio primarily invests in equity securities which represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Different types of equity securities provide different voting and dividend rights and priority in the event of the bankruptcy of the issuer. Equity securities include common stocks, preferred stocks, convertible securities, and warrants.

FMR may use various techniques, such as buying and selling **futures contracts**, and exchange traded funds to increase or decrease the Portfolio's exposure to changing security prices or other factors that affect security values. If FMR's strategies do not work as intended, the Portfolio may not achieve its objective.

Many factors affect the Portfolio's performance. The Portfolio's share price changes daily based on changes in market conditions and interest rates and in response to other economic, political or financial developments. The Portfolio's reaction to these developments will be affected by the types of the securities in which the Portfolio invests, the financial condition, industry and economic sector, and geographic location of an issuer, and the Portfolio's level of investment in the securities of that issuer. When you sell units corresponding to shares of the Portfolio, they could be worth more or less than what you paid for them.

In addition to company risk, derivatives risk, foreign investment risk, leveraging risk, liquidity risk, management risk, and market risk, the following factor can significantly affect the Portfolio's performance:

"Value" stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. "Value" stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks. However, "value" stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.

In response to market, economic, political or other conditions, FMR may temporarily use a different investment strategy for defensive purposes. If FMR does so, different factors could affect the Portfolio's performance and the Portfolio may not achieve its investment objective.

The Portfolio is managed by Fidelity Management & Research Company.

SP MFS Capital Opportunities Portfolio

The investment objective of this Portfolio is **capital appreciation**. This investment objective is non-fundamental, meaning that we can change the investment objective without seeking a vote of contract owners. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Capital Opportunities In Both U.S. and Foreign Stocks

The Portfolio invests primarily in stocks, convertible securities, and depositary receipts of companies in both the United States and in foreign countries.

The Portfolio invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts for those securities. The portfolio focuses on companies which Massachusetts Financial Services Company (MFS) believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flow. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets.

MFS uses a bottom-up, as opposed to a top-down, investment style in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the portfolio manager and MFS' large group of equity research analysts. The Portfolio may invest in foreign securities (including emerging market securities), through which it may have exposure to foreign currencies. The Portfolio may engage in active and frequent trading to achieve its principal investment strategies. Generally, the Portfolio will invest no more than (1) 35% of its net assets in foreign securities and (2) 10% in lower rated bonds, and the Portfolio will not lend more than 30% of the value of its securities.

The Portfolio can invest in a wide variety of debt and equity securities, including corporate debt, lower-rated bonds, U.S. Government securities, variable and floating rate obligations, zero coupon bonds, deferred interest bonds, PIK bonds, Brady Bonds, depositary receipts, forward contracts, **futures contracts**, investment company securities, **options** (on currencies, futures, securities and stock indices), repurchase agreements, **mortgage dollar rolls**,

restricted securities, **short sales, short sales against-the-box**, warrants, and **when-issued and delayed delivery securities**. The Portfolio may lend its securities. The Portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**.

The Portfolio also may assume a temporary defensive position. In response to adverse market conditions or when restructuring the Portfolio, MFS may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

The Portfolio is managed by Massachusetts Financial Services Company (MFS).

SP Mid Cap Growth Portfolio (formerly, SP MFS Mid Cap Growth Portfolio)

The investment objective of this Portfolio is **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible you could lose money.

A Mid Cap Growth Stock Portfolio

The Portfolio invests primarily in companies with market capitalizations equaling or exceeding \$250 million but not exceeding the top of the Russell Midcap™ Growth Index range at the time of purchase.

The Portfolio invests, under normal market conditions, at least 80% of its investable assets in common stocks and related securities, such as preferred stocks, convertible securities and depository receipts for those securities, of companies with medium market capitalizations that are believed to have above-average growth potential. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

Medium market capitalization companies are defined by the Portfolio as companies with market capitalizations equaling or exceeding \$250 million but not exceeding the top of the Russell Midcap™ Growth Index range at the time of the Portfolio's investment. This Index is a widely recognized, unmanaged index of mid cap common stock prices. Companies whose market capitalizations fall below \$250 million or exceed the top of the Russell Midcap™ Growth Index range after purchase continue to be considered medium-capitalization companies for purposes of the fund's 80% investment policy. As of December 31, 2002, the top of the Russell Midcap™ Growth Index range was approximately \$13.3 billion. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets. The investment adviser uses a bottom-up and top-down, analysis in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) as well as top-down approach of diversification by industry and company, and paying attention to macro-level investment themes.

The Portfolio may invest in foreign securities (including emerging markets securities) through which it may have exposure to foreign currencies. The Portfolio is expected to engage in active and frequent trading to achieve its principal investment strategies. Generally, the Portfolio will invest no more than (i) 20% of its net assets in foreign securities and (ii) 10% in lower rated bonds, and the Portfolio will not lend more than 30% of the value of its securities. The Portfolio may invest in a variety of debt securities, equity securities, and other instruments, including corporate debt, lower-rated bonds, U.S. Government securities, variable and floating rate obligations, zero coupon bonds, deferred interest bonds, PIK bonds, depository receipts, emerging markets equity securities, forward contracts, **futures contracts**, investment company securities, **options** (on currencies, futures, securities, and stock indices), **repurchase agreements**, restricted securities, **short sales, short sales against-the-box**, short-term debt, warrants, and **when-issued and delayed delivery securities**. The Portfolio may borrow for temporary purposes.

In response to adverse market conditions or when restructuring the Portfolio, the investment adviser may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in the securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when markets are unstable.

The Portfolio is managed by Calamos Asset Management, Inc. The Portfolio was managed by Massachusetts Financial Services Company (MFS) until December 13, 2002.

SP PIMCO High Yield Portfolio

The investment objective of this Portfolio is a **high total return**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A High-Yield, High-Risk Bond Portfolio

The Portfolio invests primarily in high-yield, high-risk bonds, also known as "junk bonds."

Under normal circumstances, the Portfolio invests at least 80% of its investable assets in high yield/high risk bonds, which are often referred to as "junk bonds." The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners. The Portfolio may invest up to 15% of its total assets in **derivative** instruments, such as **options, futures contracts** or **swaps**. The Portfolio may also invest in **mortgage-related securities** or asset-backed securities.

The Portfolio may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or **dollar rolls**). The "total return" sought by the Portfolio consists of income earned on the Portfolio's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates or improving credit fundamentals for a particular sector or security.

In selecting securities for the Portfolio, PIMCO develops an outlook for interest rates, currency exchange rates and the economy; analyzes credit and call risks, and uses other security selection techniques. The proportion of a Portfolio's assets committed to investment in securities with particular characteristics (such as quality, sector, interest rate or maturity) varies based on PIMCO's outlook for the U.S. economy and the economies of other countries in the world, the financial markets and other factors.

PIMCO attempts to identify areas of the bond market that are undervalued relative to the rest of the market. PIMCO identifies these areas by grouping bonds into the following sectors: money markets, governments, corporates, mortgages, asset-backed and international. Sophisticated proprietary software then assists in evaluating sectors and pricing specific securities. Once investment opportunities are identified, PIMCO will shift assets among sectors depending upon changes in relative valuations and credit spreads. There is no guarantee that PIMCO's security selection techniques will produce the desired results.

The Portfolio may also invest in Brady Bonds, which are described below in the section on the SP PIMCO Total Return Portfolio.

Securities rated lower than Baa by Moody's Investors Service, Inc. (Moody's) or lower than BBB by Standard & Poor's Ratings Services ("S&P") are sometimes referred to as "high yield" or "junk" bonds. Investing in high yield securities involves special risks in addition to the risks associated with investments in higher-rated fixed income securities. While offering a greater potential opportunity for capital appreciation and higher yields, high yield securities typically entail greater potential price volatility and may be less liquid than higher-rated securities. High yield securities may be regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. They may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities.

The Portfolio may invest in **swap** agreements, including interest rate, credit default, currency exchange rate and total return swaps. The Portfolio may also invest in **preferred stock**, and may invest in debt from emerging markets. The Portfolio may invest in **event-linked bonds**.

The Portfolio may invest in inflation-indexed bonds, which are described below in the section on the SP PIMCO Total Return Portfolio.

The Portfolio may invest in **convertible debt** and **convertible preferred stock securities**.

The Portfolio may also enter into, or acquire participations in, delayed funding loans and revolving credit facilities, which are described in the section on SP PIMCO Total Return Portfolio.

For the purpose of achieving income, each Portfolio may lend its portfolio securities to brokers, dealers, and other financial institutions provided a number of conditions are satisfied, including that the loan is fully collateralized.

The Portfolio may make **short sales** as part of its overall portfolio management strategies or to offset a potential decline in value of a security.

The Portfolio may purchase securities which it is eligible to purchase on a **when-issued or delayed delivery** basis, and may make contracts to purchase such securities for a fixed price at a future date beyond normal settlement time (forward commitments).

The Portfolio may enter into **repurchase agreements**.

The Portfolio may enter into **reverse repurchase agreements** and **dollar rolls**, subject to a Portfolio's limitations on borrowings.

The Portfolio may invest up to 15% of its net assets in illiquid securities.

The Portfolio may invest up to 10% of its assets in securities of other investment companies, such as closed-end management investment companies, or in pooled accounts or other investment vehicles which invest in foreign markets. As a shareholder of an investment company, a Portfolio may indirectly bear service and other fees which are in addition to the fees the Portfolio pays its service providers.

For temporary or defensive purposes, the Portfolio may invest without limit in U.S. debt securities, including taxable securities and short-term money market securities, when PIMCO deems it appropriate to do so. When the Portfolio engages in such strategies, it may not achieve its investment objective.

The Portfolio is managed by Pacific Investment Management Company LLC (PIMCO).

SP PIMCO Total Return Portfolio

The Investment objective of this Portfolio is a **high total return**. This investment objective is non-fundamental, meaning that we can change the investment objective without seeking a vote of contract owners. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The Portfolio invests primarily in investment grade debt securities. It may also invest up to 10% of its assets in high yield/high risk securities (also known as "junk bonds") rated B or higher by Moody's or S&P or, if unrated, determined by PIMCO to be of comparable quality.

An Investment Grade Bond Portfolio

The Portfolio invests primarily in investment grade debt securities, including foreign debt securities, but may invest some of its assets in high yield bonds.

The Portfolio may invest up to 20% of its assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally hedge at least 75% of its exposure to foreign currency to reduce the risk of loss due to fluctuations in currency exchange rates.

The Portfolio may invest all of its assets in **derivative instruments**, such as **options, futures contracts** or **swap agreements**, or in mortgage- or asset-backed securities. The Portfolio may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or **dollar rolls**). The "total return" sought by the Portfolio consists of income earned on the Portfolio's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates or improving credit fundamentals for a particular sector or security.

In selecting securities for a Portfolio, PIMCO develops an outlook for interest rates, currency exchange rates and the economy; analyzes credit and call risks, and uses other security selection techniques. The proportion of a Portfolio's assets committed to investment in securities with particular characteristics (such as quality, sector, interest rate or maturity) varies based on PIMCO's outlook for the U.S. economy and the economies of other countries in the world, the financial markets and other factors.

PIMCO attempts to identify areas of the bond market that are undervalued relative to the rest of the market. PIMCO identifies these areas by grouping bonds into the following sectors: money markets, governments, corporates, mortgages, asset-backed and international. Sophisticated proprietary software then assists in evaluating sectors and pricing specific securities. Once investment opportunities are identified, PIMCO will shift assets among sectors depending upon changes in relative valuations and credit spreads. There is no guarantee that PIMCO's security selection techniques will produce the desired results.

The Portfolio may invest in Brady Bonds, which are securities created through the exchange of existing commercial bank loans to sovereign entities for new obligations in connection with a debt restructuring. Investments in Brady Bonds may be viewed as speculative. Brady Bonds acquired by the Portfolio may be subject to restructuring arrangements or to requests for new credit, which may cause the Portfolio to suffer a loss of interest or principal on any of its holdings.

The Portfolio may invest in inflation-indexed bonds, which are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal. The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Short-term increases in inflation may lead to a decline in value. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

The Portfolio may invest in **swap** agreements, including interest rate, credit default, currency exchange rate and total return swaps. The Portfolio may also invest in **preferred stock**, and may invest in debt from emerging markets. The Portfolio may invest in **event-linked bonds**.

The Portfolio may invest in **convertible debt and convertible preferred stock**.

The Portfolio may also enter into, or acquire participations in, delayed funding loans and revolving credit facilities, in which a lender agrees to make loans up to a maximum amount upon demand by the borrower during a specified term. These commitments may have the effect of requiring a Portfolio to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that a Portfolio is committed to advance additional Portfolios, it will segregate assets determined to be liquid by PIMCO in accordance with procedures established by the Board of Directors in an amount sufficient to meet such commitments. Delayed loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.

For the purpose of achieving income, each Portfolio may lend its portfolio securities to brokers, dealers, and other financial institutions provided a number of conditions are satisfied, including that the loan is fully collateralized.

The Portfolio may make **short sales** as part of its overall portfolio management strategies or to offset a potential decline in value of a security.

The Portfolio may purchase securities which it is eligible to purchase on a **when-issued or delayed delivery** basis, and may make contracts to purchase such securities for a fixed price at a future date beyond normal settlement time (forward commitments).

The Portfolio may enter into **repurchase agreements** and **dollar rolls**.

The Portfolio may invest up to 15% of its net assets in illiquid securities.

The Portfolio may invest up to 10% of its assets in securities of other investment companies, such as closed-end management investment companies, or in pooled accounts or other investment vehicles which invest in foreign markets. As a shareholder of an investment company, the Portfolio may indirectly bear service and other fees which are in addition to the fees the Portfolio pays its service providers.

For temporary or defensive purposes, the Portfolio may invest without limit in U.S. debt securities, including taxable securities and short-term money market securities, when PIMCO deems it appropriate to do so. When the Portfolio engages in such strategies, it may not achieve its investment objective.

The Portfolio is managed by Pacific Investment Management Company LLC (PIMCO).

SP Prudential U.S. Emerging Growth Portfolio

The investment objective of this Portfolio is **long-term capital appreciation**. While we make every effort to achieve its objective, we can't guarantee success and it is possible that you could lose money.

A Small/Medium-Sized Stock Portfolio

The Portfolio invests primarily in the stocks of small and medium-sized companies with the potential for above-average growth.

In deciding which equities to buy, the Portfolio uses what is known as a growth investment style. This means the Portfolio invests in companies that it believes could experience superior sales or earnings growth. In pursuing this objective, the Portfolio normally invests at least 80% of the Portfolio's investable assets in equity securities of small and medium-sized U.S. companies with the potential for above-average growth. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

The Portfolio considers small and medium-sized companies to be those with market capitalizations that are less than the largest capitalization of the Standard and Poor's Mid Cap 400 Stock Index as of the end of a calendar quarter. As of March 31, 2003, this number was \$7.3 billion. We use the market capitalization measurements used by S&P at time of purchase.

In addition to buying equities, the Portfolio may invest in other equity-related securities. Equity-related securities include American Depositary Receipts (**ADRs**); common stocks; nonconvertible preferred stocks; warrants and rights that can be exercised to obtain stock; investments in various types of business ventures, including partnerships and joint ventures; **Real Estate Investment Trusts (REITs)**; and similar securities.

The Portfolio also may buy **convertible debt securities** and **convertible preferred stock**. These are securities that the Portfolio can convert into the company's common stock or some other equity security. The Portfolio will only invest in investment-grade convertible securities. Generally, the Portfolio considers selling a security when, in the opinion of the investment adviser, the stock has experienced a fundamental disappointment in earnings; it has reached an intermediate-term price objective and its outlook no longer seems sufficiently promising; a relatively more attractive stock emerges; or the stock has experienced adverse price movements.

The Portfolio can invest up to 20% of investable assets in equity securities of companies with larger or smaller market capitalizations than previously noted. The Portfolio may participate in the initial public offering (IPO) market. IPO investments may increase the Portfolio's total returns. As the Portfolio's assets grow, the impact of IPO investments will decline, which may reduce the Portfolio's total returns.

The Portfolio can invest up to 35% of total assets in foreign securities, including stocks and other equity-related securities, money market instruments and other investment-grade fixed-income securities of foreign issuers, including

those in developing countries. For purposes of the 35% limit, the Portfolio does not consider **ADRs** and other similar receipts or shares to be foreign securities.

The Portfolio can invest up to 20% of investable assets in investment-grade corporate or government obligations. Investment-grade obligations are rated in one of the top four long-term quality ratings by a major rating service (such as Baa/BBB or better by Moody's Investors Service, Inc. or Standard & Poor's Ratings Group (S&P), respectively). The Portfolio also may invest in obligations that are not rated, but which it believes to be of comparable quality. Obligations rated in the fourth category (Baa/BBB) have speculative characteristics. These lower-rated obligations are subject to a greater risk of loss of principal and interest. Generally, fixed-income securities provide a fixed rate of return, but provide less opportunity for capital appreciation than investing in stocks. The Portfolio will purchase money market instruments only in one of the two highest short-term quality ratings of a major rating service.

In response to adverse market, economic or political conditions, the Portfolio may temporarily invest up to 100% of the Portfolio's assets in cash or money market instruments. Investing heavily in these securities limits the Portfolio's ability to achieve capital appreciation, but can help to preserve its assets when the equity markets are unstable.

The Portfolio may also use **repurchase agreements**.

The Portfolio may enter into foreign currency forward contracts to protect the value of its portfolio against future changes in the level of currency exchange rates. The Portfolio may enter into such contracts on a spot, that is, cash, basis at the rate then prevailing in the currency exchange market or on a forward basis, by entering into a forward contract to purchase or sell currency.

The Portfolio may use various **derivative** strategies to try to improve its returns or protect its assets. The Portfolio cannot guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available or that the Portfolio will not lose money.

The Portfolio may invest in securities issued by agencies of the U.S. Government or instrumentalities of the U.S. Government. These obligations, including those which are guaranteed by Federal agencies or instrumentalities, may or may not be backed by the full faith and credit of the United States. Obligations of the Government National Mortgage Association (GNMA), the Farmers Home Administration and the Small Business Administration are backed by the full faith and credit of the United States. In the case of securities not backed by the full faith and credit of the United States, the Portfolio must look principally to the agency issuing or guaranteeing the obligation for ultimate repayment and may not be able to assert a claim against the United States if the agency or instrumentality does not meet its commitments. Securities in which the Portfolio may invest which are not backed by the full faith and credit of the United States include obligations such as those issued by the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association, the Student Loan Marketing Association, Resolution Funding Corporation and the Tennessee Valley Authority, each of which has the right to borrow from the U.S. Treasury to meet its obligations, and obligations of the Farm Credit System, the obligations of which may be satisfied only by the individual credit of the issuing agency. FHLMC investments may include collateralized mortgage obligations.

The Portfolio may invest in **mortgage-related securities**, including those which represent undivided ownership interests in pools of mortgages. The U.S. Government or the issuing agency or instrumentality guarantees the payment of interest on and principal of these securities. However, the guarantees do not extend to the yield or value of the securities nor do the guarantees extend to the yield or value of the Portfolio's shares. These securities are in most cases "pass-through" instruments, through which the holders receive a share of all interest and principal payments from the mortgages underlying the securities, net of certain fees.

The Portfolio may purchase and write (that is, sell) put and call **options** on securities, stock indexes and currencies that are traded on U.S. or foreign securities exchanges or in the over-the-counter market to seek to enhance return or to protect against adverse price fluctuations in securities in the Portfolio's portfolio. These options will be on equity securities, financial indexes (for example, S&P 500 Composite Stock Price Index) and foreign currencies. The Portfolio may write put and call options to generate additional income through the receipt of premiums, purchase put options in an effort to protect the value of securities (or currencies) that it owns against a decline in market value and purchase call options in an effort to protect against an increase in the price of securities (or currencies) it intends to purchase.

The Portfolio may purchase and sell financial **futures contracts** and options thereon which are traded on a commodities exchange or board of trade to reduce certain risks of its investments and to attempt to enhance return in accordance with regulations of the Commodity Futures Trading Commission (CFTC).

The Portfolio also follows certain policies when it borrows money (the Portfolio can borrow up to 20% of the value of its total assets); and holds illiquid securities (the Portfolio may hold up to 15% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days).

As a result of the strategies described above, the Portfolio may have an annual portfolio turnover rate of up to 200%. Portfolio turnover is generally the percentage found by dividing the lesser of portfolio purchases or sales by the monthly average value of the portfolio. High portfolio turnover (100% or more) results in higher brokerage commissions and other transaction costs and can affect the Portfolio's performance.

The Portfolio is managed by Jennison Associates LLC.

SP Small/Mid Cap Value Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Small/Mid Cap Value Portfolio

The Portfolio normally invests at least 80% of its investable assets in companies with small to medium market capitalizations.

The Portfolio is managed by Fidelity Management & Research Company (FMR). The Portfolio normally invests its assets primarily in common stocks. The portfolio normally invests at least 80% of its assets in securities of companies with small to medium market capitalizations. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

Although universal definitions of small and medium market capitalization companies does not exist, for purposes of this Portfolio, FMR generally defines small and medium market capitalization companies as those whose market capitalizations is similar to the market capitalization of companies in the S&P Small Cap 600 Index or the Russell 2000 Index, and the S&P MidCap 400 Index or the Russell Midcap Index, respectively. A company's market capitalization is based on its current market capitalization or its market capitalization at the time of the Portfolio's investment. Companies whose capitalization is above this level after purchase continue to have a small or medium market capitalization for purposes of the 80% policy. The size of companies in each index changes with market conditions, and the composition of the index. FMR may also invest the Portfolio's assets in companies with larger market capitalizations.

FMR invests the Portfolio's assets in companies that it believes are undervalued in the marketplace in relation to factors such as the company's assets, sales, earnings, or growth potential, or cash flow, or in relation to securities of other companies in the same industry. Companies with these characteristics tend to have lower than average price/earnings (P/E), price sales (P/S), or price/book (P/B) ratios. The stocks of these companies are often called "value" stocks.

FMR may invest the Portfolio's assets in securities of foreign issuers in addition to securities of domestic issuers.

FMR relies on fundamental analysis of each issuer and its potential for success in light of its current financial condition, its industry position, and economic and market conditions. Factors considered include growth potential, earnings estimates and management. These securities may then be analyzed using statistical models to further evaluate growth potential, valuation, liquidity and investment risk. In buying and selling securities for the Portfolio, FMR invests for the long term and selects those securities it believes offer strong opportunities for the long-term growth of capital and are attractively valued.

The Portfolio invests primarily in equity securities, which represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Different types of equity securities provide different voting and dividend rights and priority in the event of the bankruptcy of the issuer. Equity securities include common stocks, preferred stocks, convertible securities, and warrants.

FMR may use various techniques, such as buying and selling futures contracts and exchange traded funds, to increase or decrease the Portfolio's exposure to changing security prices or other factors that affect security values. The Portfolio may invest in equity and/or debt securities issued by **Real Estate Investment Trusts (REITs)**. If FMR's strategies do not work as intended, the Portfolio may not achieve its objective.

Many factors affect the Portfolio's performance. The Portfolio's share price changes daily based on changes in market conditions and interest rates and in response to other economic, political, or financial developments. The Portfolio's reaction to these developments will be affected by the types of securities in which the Portfolio invests, the financial condition, industry and economic sector, and geographic location of an issuer, and the Portfolio's level of investment in the securities of that issuer. When you sell units corresponding to shares of the Portfolio, they could be worth more or less than what you paid for them.

In addition to company risk, derivatives risk, foreign investment risk, leveraging risk, liquidity risk, management risk, and market risk, the following factors can significantly affect the Portfolio's performance:

The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers and can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Smaller issuers can have more limited product lines, markets and financial resources.

"Value" stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. "Value" stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks. However, "value" stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.

In response to market, economic, political or other conditions, FMR may temporarily use a different investment strategy for defensive purposes. If FMR does so, different factors could affect the Portfolio's performance and the Portfolio may not achieve its investment objective.

The Portfolio is managed by Fidelity Management & Research Company.

SP Strategic Partners Focused Growth Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Growth Stock Portfolio

The Portfolio is managed according to a growth investment style.

The Portfolio normally invests at least 65% of its total assets in equity-related securities of U.S. companies that are believed to have strong capital appreciation potential. The Portfolio's strategy is to combine the efforts of two investment advisers and to invest in the favorite stock selection ideas of three portfolio managers (two of whom invest as a team). Each investment adviser to the Portfolio utilizes a growth style to select approximately 20 securities. The portfolio managers build a portfolio with stocks in which they have the highest confidence and may invest more than 5% of the Portfolio's assets in any one issuer.

The Portfolio may actively and frequently trade its portfolio securities. The Portfolio is a non-diversified mutual fund portfolio. This means that the Portfolio may invest in a relatively high percentage of net assets in a small number of issuers. Investing in a nondiversified mutual fund, particularly a fund investing in approximately 40 equity-related securities, involves greater risk than investing in a diversified fund because a loss resulting from the decline in the value of one security may represent a greater portion of the total assets of a nondiversified fund.

The primary equity-related securities in which the Portfolio invests are common stocks. Generally, each investment adviser will consider selling or reducing a stock position when, in their opinion, the stock has experienced a fundamental disappointment in earnings; it has reached an intermediate-term price objective and its outlook no longer seems sufficiently promising; a relatively more attractive stock emerges; or the stock has experienced adverse price movement. A price decline of a stock does not necessarily mean that an investment adviser will sell the stock at that time. During market declines, either investment adviser may add to positions in favored stocks, which can result in a somewhat more aggressive strategy, with a gradual reduction of the number of companies in which the adviser invests. Conversely, in rising markets, either investment adviser may reduce or eliminate fully valued positions, which can result in a more conservative investment strategy, with a gradual increase in the number of companies represented in the adviser's portfolio segment.

In deciding which stocks to buy, each investment adviser uses what is known as a growth investment style. This means that each adviser will invest in stocks they believe could experience superior sales or earnings growth.

In addition to common stocks in which the Portfolio primarily invests, equity-related securities include nonconvertible preferred stocks; **convertible debt** and **convertible preferred stock**; American Depositary Receipts (**ADRs**); warrants and rights that can be exercised to obtain stock; investments in various types of business ventures, including partnerships and joint ventures; **Real Estate Investment Trusts (REITs)**; and similar securities.

The Portfolio may buy common stocks of companies of every size — small-, medium- and large-capitalization — although its investments are mostly in medium- and large-capitalization stocks. The Portfolio intends to be fully invested, holding less than 5% of its total assets in cash under normal market conditions.

Under normal conditions, there will be an approximately equal division of the Portfolio's assets between the two investment advisers. All daily cash inflows (that is, purchases and reinvested distributions) and outflows (that is, redemptions and expense items) will usually be divided between the two investment advisers as the portfolio manager deems appropriate. There will be a periodic rebalancing of each segment's assets to take account of market fluctuations in order to maintain the approximately equal allocation. As a consequence, the manager may allocate assets from the portfolio segment that has appreciated more to the other.

Alliance Capital Management's portfolio manager utilizes the fundamental analysis and research of Alliance's large internal research staff. In selecting stocks for the Portfolio, he emphasizes stock selection and investment in a limited number of companies that have strong management, superior industry positions, excellent balance sheets and the ability to demonstrate superior earnings growth.

Jennison Associates' portfolio managers invest in mid-size and large companies experiencing some or all of the following: high sales growth, high unit growth, high or improving returns on assets and equity and a strong balance sheet. These companies generally trade at high prices relative to their current earnings.

Reallocations may result in additional costs since sales of securities may result in higher portfolio turnover. Also, because each investment adviser selects portfolio securities independently, it is possible that a security held by one portfolio segment may also be held by the other portfolio segment of the Portfolio or that the two advisers may simultaneously favor the same industry. Prudential Investments LLC will monitor the overall portfolio to ensure that any such overlaps do not create an unintended industry concentration. In addition, if one investment adviser buys a security as the other adviser sells it, the net position of the Portfolio in the security may be approximately the same as it would have been with a single portfolio and no such sale and purchase, but the Portfolio will have incurred additional costs. The portfolio manager will consider these costs in determining the allocation of assets. The portfolio manager will consider the timing of reallocation based upon the best interests of the Portfolio and its shareholders. To maintain the Portfolio's federal income tax status as a regulated investment company, Jennison Associates also may have to sell securities on a periodic basis.

The Portfolio may invest up to 20% of its total assets in foreign securities, including stocks and other equity-related securities, money market instruments and other fixed-income securities of foreign issuers. The Portfolio does not consider **ADRs** and other similar receipts or shares to be foreign securities.

The Portfolio may temporarily hold cash or invest in high-quality foreign or domestic money market instruments pending investment of proceeds from new sales of Portfolio shares or to meet ordinary daily cash needs subject to the policy of normally investing at least 65% of the Portfolio's assets in equity-related securities. In response to adverse market, economic, political or other conditions, the Portfolio may temporarily invest up to 100% of its assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the equity markets are unstable.

The Portfolio may use **repurchase agreements**.

The Portfolio may purchase and write (that is, sell) put and call **options** on securities indexes that are traded on U.S. or foreign securities exchanges or in the over-the-counter market to try to enhance return or to hedge the Portfolio's portfolio. The Portfolio may write covered put and call options to generate additional income through the receipt of premiums, purchase put options in an effort to protect the value of a security that it owns against a decline in market value and purchase call options in an effort to protect against an increase in the price of securities it intends to purchase. The Portfolio also may purchase put and call options to offset previously written put and call options of the same series. The Portfolio will write only "covered" options. The Portfolio may purchase and sell stock index futures contracts and related options on stock index futures. The Portfolio may purchase and sell futures contracts on foreign currencies and related options on foreign currency futures contracts.

The Portfolio may invest in securities issued or guaranteed by the U.S. Treasury or by an agency or instrumentality of the U.S. Government. Not all U.S. Government securities are backed by the full faith and credit of the United States. Some are supported only by the credit of the issuing agency.

The Portfolio will also use **futures contracts** and options on futures contracts for certain bona fide hedging, return enhancement and risk management purposes. The Portfolio may purchase put and call **options** and write (that is, sell) "covered" put and call options on futures contracts that are traded on U.S. and foreign exchanges.

The Portfolio may use **short sales**.

The Portfolio may use various **derivatives** to try to improve the Portfolio's returns. The Portfolio may use hedging techniques to try to protect the Portfolio's assets. We cannot guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available, or that the Portfolio will not lose money.

The Portfolio also follows certain policies when it borrows money (the Portfolio can borrow up to 33 1/3% of the value of its total assets); and holds illiquid securities (the Portfolio may hold up to 15% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days). The Portfolio is subject to certain investment restrictions that are fundamental policies, which means they cannot be changed without shareholder approval. For more information about these restrictions, see the SAI.

It is not a principal strategy of the Portfolio to actively and frequently trade its portfolio securities to achieve its investment objective. Nevertheless, the Portfolio may have an annual portfolio turnover rate of up to 200%. Portfolio turnover is generally the percentage found by dividing the lesser of portfolio purchases and sales by the monthly average value of the portfolio. High portfolio turnover (100% or more) results in higher brokerage commissions and other costs and can affect the Portfolio's performance.

The Portfolio is managed by Jennison Associates LLC and Alliance Capital Management, L.P.

* * *

SP Asset Allocation Portfolios

There are four Asset Allocation Portfolios, entitled SP Aggressive Growth Asset Allocation Portfolio, SP Balanced Asset Allocation Portfolio, SP Conservative Asset Allocation Portfolio, and SP Growth Asset Allocation Portfolio. The investment objective of each of the Portfolios is to **obtain the highest potential total return consistent with the specified level of risk tolerance**. The definition of risk tolerance level is not a fundamental policy and, therefore, can be changed by the Fund's Board of Directors at any time. While each Portfolio will try to achieve its objective, we can't guarantee success and it is possible that you could lose money. The Asset Allocation Portfolios are designed for:

- the investor who wants to maximize total return potential, but lacks the time, or expertise to do so effectively;
- the investor who does not want to watch the financial markets in order to make periodic exchanges among Portfolios; and
- the investor who wants to take advantage of the risk management features of an asset allocation program.

The investor chooses an Asset Allocation Portfolio by determining which risk tolerance level most closely corresponds to the investor's individual planning needs, objectives and comfort.

Each Asset Allocation Portfolio invests its assets in shares of underlying Portfolios according to the target percentages indicated in the Portfolio descriptions below. Periodically, we will rebalance each Asset Allocation Portfolio to bring the Portfolio's holdings in line with those target percentages. The manager expects that the rebalancing will occur on a monthly basis, although the rebalancing may occur less frequently. In addition, the manager will review the target percentages annually. Based on its evaluation the target percentages may be adjusted. Such adjustments will be reflected in the annual update to this prospectus. With respect to each of the four Asset Allocation Portfolios, Prudential Investments LLC (PI) reserves the right to alter the percentage allocations indicated below and/or the underlying Fund Portfolios in which the Asset Allocation Portfolio invests if market conditions warrant. Although we will make every effort to meet each Asset Allocation Portfolio's investment objective, we can't guarantee success.

The performance of each Asset Allocation Portfolio depends on how its assets are allocated and reallocated between the underlying Portfolios. A principal risk of investing in each Asset Allocation Portfolio is that PI will make less than optimal decisions regarding allocation of assets in the underlying Portfolios. Because each of the Asset Allocation Portfolios invests all of its assets in underlying Portfolios, the risks associated with each Asset Allocation Portfolio are closely related to the risks associated with the securities and other investments held by the underlying Portfolios. The ability of each Asset Allocation Portfolio to achieve its investment objective will depend on the ability of the underlying Portfolios to achieve their investment objectives.

Each Asset Allocation Portfolio is managed by Prudential Investments LLC.

SP Aggressive Growth Asset Allocation Portfolio

An Asset Allocation Portfolio Investing Fully in Equity Portfolios

This Portfolio aggressively seeks capital appreciation by investing in large cap equity Portfolios, international Portfolios, and small/mid cap equity Portfolios.

The SP Aggressive Growth Asset Allocation Portfolio invests in shares of the following Fund Portfolios:

- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio), and the Jennison Portfolio (8.75% of Portfolio)); and
- an international component (approximately 30% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (15% of Portfolio) and the SP Deutsche International Equity Portfolio (15% of Portfolio)); and
- a small/mid capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (17.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (17.5% of Portfolio)).

For more information on the underlying Portfolios, please refer to the descriptions of each Portfolio's investment objectives and policies included in this prospectus.

SP Balanced Asset Allocation Portfolio

A Balance Between Current Income And Capital Appreciation

This Portfolio seeks to balance current income and growth of capital by investing in fixed income Portfolios, large cap equity Portfolios, small/mid cap equity Portfolios, and international equity Portfolios.

The SP Balanced Asset Allocation Portfolio invests in shares of the following Portfolios:

- a fixed income component (approximately 40% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (30% of Portfolio) and the SP PIMCO High Yield Portfolio (10% of Portfolio)); and
- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio), and the Jennison Portfolio (8.75% of Portfolio)); and
- a small/mid capitalization equity component (approximately 15% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (7.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (7.5% of Portfolio)); and
- an international component (approximately 10% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (5% of Portfolio) and the SP Deutsche International Equity Portfolio (5% of Portfolio)).

For more information on the underlying Portfolios, please refer to the description of each Portfolio's investment objectives and policies included in this prospectus.

SP Conservative Asset Allocation Portfolio

An Asset Allocation Portfolio Investing Primarily In Fixed Income Portfolios

This Portfolio is invested in fixed income, large cap equity, and small/mid cap equity Portfolios.

The SP Conservative Asset Allocation Portfolio invests in shares of the following Portfolios:

- a fixed income component (approximately 65% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (55% of Portfolio) and the SP PIMCO High Yield Portfolio (10% of Portfolio)); and
- a large capitalization equity component (approximately 30% of the Portfolio, invested in shares of the SP Davis Value Portfolio (15% of Portfolio), the SP Alliance Large Cap Growth Portfolio (7.5% of Portfolio), and the Jennison Portfolio (7.5% of Portfolio)); and
- a small/mid capitalization equity component (approximately 5% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (2.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (2.5% of Portfolio)).

For more information on the underlying Portfolios, please refer to the description of each Portfolio's investment objectives and policies included in this prospectus.

SP Growth Asset Allocation Portfolio

An Asset Allocation Portfolio Investing Primarily In Equity Portfolios

This Portfolio seeks to provide long-term growth of capital with consideration also given to current income.

The Growth Asset Allocation Portfolio invests in shares of the following Portfolios:

- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio), and the Jennison Portfolio (8.75% of Portfolio)); and
- a fixed income component (approximately 20% of the Portfolio, invested in shares of the SP PIMCO High Yield Portfolio (7.5% of Portfolio) and the SP PIMCO Total Return Portfolio (12.5% of Portfolio)); and
- an international component (approximately 20% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (10% of Portfolio) and the SP Deutsche International Equity Portfolio (10% of Portfolio)); and
- a small/mid capitalization equity component (approximately 25% of the Portfolio, invested in shares of the SP Small/Mid Cap Value Portfolio (12.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (12.5% of Portfolio)).

For more information on the underlying Portfolios, please refer to the descriptions of each Portfolio's investment objectives and policies included in this prospectus.

The Statement of Additional Information (SAI) — contains additional information about the Portfolios. To obtain a copy, see the back cover page of this prospectus.

* * *

Contract described herein is no longer available

MORE DETAILED INFORMATION ABOUT OTHER INVESTMENTS AND STRATEGIES USED BY THE PORTFOLIOS

As indicated in the descriptions of the Portfolios above, we may use the following investment strategies to increase a Portfolio's return or protect its assets if market conditions warrant.

American Depositary Receipts (ADRs) are certificates representing the right to receive foreign securities that have been deposited with a U.S. bank or a foreign branch of a U.S. bank.

Asset-Backed Securities — An asset-backed security is a type of pass-through instrument that pays interest based upon the cash flow of an underlying pool of assets, such as automobile loans or credit card receivables. Asset-backed securities may also be collateralized by a portfolio of corporate bonds, including junk bonds, or other securities.

Collateralized Debt Obligations (CDOs) — A CDO is a security backed by an underlying portfolio of debt obligations, typically including one or more of the following types of investments: high yield securities, investment grade securities, bank loans, futures or swaps. A CDO provides a single security that has the economic characteristics of a diversified portfolio. The cash flows generated by the collateral are used to pay interest and principal to investors.

Convertible Debt and Convertible Preferred Stock — A convertible security is a security — for example, a bond or preferred stock — that may be converted into common stock of the same or different issuer. The convertible security sets the price, quantity of shares and time period in which it may be so converted. Convertible stock is senior to a company's common stock but is usually subordinated to debt obligations of the company. Convertible securities provide a steady stream of income which is generally at a higher rate than the income on the company's common stock but lower than the rate on the company's debt obligations. At the same time, they offer — through their conversion mechanism — the chance to participate in the capital appreciation of the underlying common stock. The price of a convertible security tends to increase and decrease with the market value of the underlying common stock.

Credit Default Swaps — In a credit default swap, the Portfolio and another party agree to exchange payment of the par (or other agreed-upon) value of a referenced debt obligation in the event of a default on that debt obligation in return for a periodic stream of payments over the term of the contract provided no event of default has occurred. See also "Swaps" defined below.

Credit-Linked Securities — Credit linked securities are securities that are collateralized by one or more credit default swaps on corporate credits. The Portfolio has the right to receive periodic interest payments from the issuer of the credit-linked security at an agreed-upon interest rate, and a return of principal at the maturity date. See also "Credit Default Swaps" defined above.

Derivatives — A derivative is an investment instrument that derives its price, performance, value, or cash flow from one or more underlying securities or other interests. Derivatives involve costs and can be volatile. With derivatives, the investment adviser tries to predict whether the underlying investment — a security, market index, currency, interest rate or some other benchmark — will go up or down at some future date. We may use derivatives to try to reduce risk or to increase return consistent with a Portfolio's overall investment objective. The investment adviser will consider other factors (such as cost) in deciding whether to employ any particular strategy, or use any particular instrument. Any derivatives we use may not fully offset a Portfolio's underlying positions and this could result in losses to the Portfolio that would not otherwise have occurred.

Dollar Rolls — Dollar rolls involve the sale by the Portfolio of a security for delivery in the current month with a promise to repurchase from the buyer a substantially similar — but not necessarily the same — security at a set price and date in the future. During the "roll period," the Portfolio does not receive any principal or interest on the security. Instead, it is compensated by the difference between the current sales price and the price of the future purchase, as well as any interest earned on the cash proceeds from the original sale.

Equity Swaps — In an equity swap, the Portfolio and another party agree to exchange cash flow payments that are based on the performance of equities or an equity index. See also "Swaps" defined below.

Event Linked Bonds — Event Linked bonds are fixed income securities for which the return of principal and payment of interest is contingent on the non-occurrence of a specific "trigger" event, such as a hurricane, earthquake, or other

physical or weather-related phenomenon. If a trigger event occurs, a Portfolio may lose a portion or all of its principal invested in the bond. Event-linked bonds often provide for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. Event-linked bonds may also expose the Portfolio to certain unanticipated risks including credit risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked bonds may also be subject to liquidity risk.

Forward Foreign Currency Exchange Contracts — A foreign currency forward contract is an obligation to buy or sell a given currency on a future date at a set price. When a Portfolio enters into a contract for the purchase or sale of a security denominated in a foreign currency, or when a Portfolio anticipates the receipt in a foreign currency of dividends or interest payments on a security which it holds, the Portfolio may desire to “lock-in” the U.S. dollar price of the security or the U.S. dollar equivalent of such dividend or interest payment, as the case may be. By entering into a forward contract for a fixed amount of dollars, for the purchase or sale of the amount of foreign currency involved in the underlying transactions, the Portfolio will be able to protect itself against a possible loss resulting from an adverse change in the relationship between the U.S. dollar and the foreign currency during the period between the date on which the security is purchased or sold, or on which the dividend or interest payment is declared, and the date on which such payments are made or received. At the maturity of a forward contract, a Portfolio may either sell the security and make delivery of the foreign currency or it may retain the security and terminate its contractual obligation to deliver the foreign currency by purchasing an “offsetting” contract with the same currency trader obligating it to purchase, on the same maturity date, the same amount of the foreign currency.

Futures Contracts — A futures contract is an agreement to buy or sell a set quantity of an underlying product at a future date, or to make or receive a cash payment based on the value of a securities index. When a futures contract is entered into, each party deposits with a futures commission merchant (or in a segregated account) approximately 5% of the contract amount. This is known as the “initial margin.” Every day during the futures contract, either the buyer or the futures commission merchant will make payments of “variation margin.” In other words, if the value of the underlying security, index or interest rate increases, then the buyer will have to add to the margin account so that the account balance equals approximately 5% of the value of the contract on that day. The next day, the value of the underlying security, index or interest rate may decrease, in which case the borrower would receive money from the account equal to the amount by which the account balance exceeds 5% of the value of the contract on that day. A stock index futures contract is an agreement between the buyer and the seller of the contract to transfer an amount of cash equal to the daily variation margin of the contract. No physical delivery of the underlying stocks in the index is made.

Interest Rate Swaps — In an interest rate swap, the Portfolio and another party agree to exchange interest payments. For example, the Portfolio may wish to exchange a floating rate of interest for a fixed rate. We would enter into that type of a swap if we think interest rates are going down. See also “Swaps” defined below.

Joint Repurchase Account — In a joint repurchase transaction, uninvested cash balances of various Portfolios are added together and invested in one or more repurchase agreements. Each of the participating Portfolios receives a portion of the income earned in the joint account based on the percentage of its investment.

Loans and Assignments — Loans are privately negotiated between a corporate borrower and one or more financial institutions. The Portfolio acquires interests in loans directly (by way of assignment from the selling institution) or indirectly (by way of the purchase of a participation interest from the selling institution). Purchasers of loans depend primarily upon the creditworthiness of the borrower for payment of interest and repayment of principal. If scheduled interest or principal payments are not made, the value of the instrument may be adversely affected. Interests in loans are also subject to additional liquidity risks. Loans are not generally traded in organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Consequently, the liquidity of a loan will depend on the liquidity of these trading markets at the time that the Portfolio sells the loan.

In assignments, the Portfolio will have no recourse against the selling institution, and the selling institution generally makes no representations about the underlying loan, the borrowers, the documentation or the collateral. In addition, the rights against the borrower that are acquired by the Portfolio may be more limited than those held by the assigning lender.

Mortgage-related Securities are usually pass-through instruments that pay investors a share of all interest and principal payments from an underlying pool of fixed or adjustable rate mortgages. We may invest in mortgage-related

securities issued and guaranteed by the U.S. Government or its agencies like the Federal National Mortgage Association (Fannie Maes) and the Government National Mortgage Association (Ginnie Maes) and debt securities issued (but not guaranteed) by the Federal Home Loan Mortgage Company (Freddie Macs). Private mortgage-related securities that are not guaranteed by U.S. Governmental entities generally have one or more types of credit enhancement to ensure timely receipt of payments and to protect against default.

Mortgage-related securities include collateralized mortgage obligations, multi-class pass through securities and stripped mortgage-backed securities. A collateralized mortgage-backed obligation (CMO) is a security backed by an underlying portfolio of mortgages or mortgage-backed securities that may be issued or guaranteed by entities such as banks, U.S. Governmental entities or broker-dealers. A multi-class pass-through security is an equity interest in a trust composed of underlying mortgage assets.

Payments of principal and interest on the mortgage assets and any reinvestment income provide the money to pay debt service on the CMO or to make scheduled distributions on the multi-class pass-through security. A stripped mortgage-backed security (MBS strip) may be issued by U.S. Governmental entities or by private institutions. MBS strips take the pieces of a debt security (principal and interest) and break them apart. The resulting securities may be sold separately and may perform differently. MBS strips are highly sensitive to changes in prepayment and interest rates.

Options — A call option on stock is a short-term contract that gives the option purchaser or “holder” the right to acquire a particular equity security for a specified price at any time during a specified period. For this right, the option purchaser pays the option seller a certain amount of money or “premium” which is set before the option contract is entered into. The seller or “writer” of the option is obligated to deliver the particular security if the option purchaser exercises the option. A put option on stock is a similar contract. In a put option, the option purchaser has the right to sell a particular security to the option seller for a specified price at any time during a specified period. In exchange for this right, the option purchaser pays the option seller a premium. Options on debt securities are similar to stock options except that the option holder has the right to acquire or sell a debt security rather than an equity security. Options on stock indexes are similar to options on stocks, except that instead of giving the option holder the right to receive or sell a stock, it gives the holder the right to receive an amount of cash if the closing level of the stock index is greater than (in the case of a call) or less than (in the case of a put) the exercise price of the option. The amount of cash the holder will receive is determined by multiplying the difference between the index’s closing price and the option’s exercise price, expressed in dollars, by a specified “multiplier”. Unlike stock options, stock index options are always settled in cash, and gain or loss depends on price movements in the stock market generally (or a particular market segment, depending on the index) rather than the price movement of an individual stock.

Real Estate Investment Trusts (REITs) — A REIT is a company that manages a portfolio of real estate to earn profits for its shareholders. Some REITs acquire equity interests in real estate and then receive income from rents and capital gains when the buildings are sold. Other REITs lend money to real estate developers and receive interest income from the mortgages. Some REITs invest in both types of interests.

Repurchase Agreements — In a repurchase transaction, the Portfolio agrees to purchase certain securities and the seller agrees to repurchase the same securities at an agreed upon price on a specified date. This creates a fixed return for the Portfolio.

Reverse Repurchase Agreements — In a reverse repurchase transaction, the Portfolio sells a security it owns and agrees to buy it back at a set price and date. During the period the security is held by the other party, the Portfolio may continue to receive principal and interest payments on the security.

Short Sales — In a short sale, we sell a security we do not own to take advantage of an anticipated decline in the stock’s price. The Portfolio borrows the stock for delivery and if it can buy the stock later at a lower price, a profit results.

Short Sales Against-the-Box — A short sale against-the-box means the Portfolio owns securities identical to those sold short.

Swap Options — A swap option is a contract that gives a counterparty the right (but not the obligation) to enter into a swap agreement or to shorten, extend cancel or otherwise modify an existing swap agreement at some designated future time on specified terms. See also “Options” defined above.

Swaps — Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard “swap” transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. Credit Default Swaps, Equity Swaps, Interest Rate Swaps and Total Return Swaps are four types of swap agreements.

Total Return Swaps — In a total return swap, payment (or receipt) of an index’s total return is exchanged for the receipt (or payment) of a floating interest rate. See also “Swaps” defined above.

When-Issued and Delayed Delivery Securities — With when-issued or delayed delivery securities, the delivery and payment can take place a month or more after the date of the transaction. A Portfolio will make commitments for when-issued transactions only with the intention of actually acquiring the securities. A Portfolio’s custodian will maintain in a segregated account, liquid assets having a value equal to or greater than such commitments. If the Portfolio chooses to dispose of the right to acquire a when-issued security prior to its acquisition, it could, as with the disposition of any other security, incur a gain or loss.

* * *

Except for the Money Market Portfolio and the Zero Coupon Bond Portfolio 2005, each Portfolio also follows certain policies when it borrows money (each Portfolio may borrow up to 5% of the value of its total assets, except that SP Large Cap Value Portfolio and SP Small/Mid Cap Value Portfolio may each borrow up to 33 1/3% of their total assets); lends its securities; and holds illiquid securities (a Portfolio may hold up to 15% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days). If the Portfolio were to exceed this limit, the investment adviser would take prompt action to reduce a Portfolio’s holdings in illiquid securities to no more than 15% of its net assets, as required by applicable law. A Portfolio is subject to certain investment restrictions that are fundamental policies, which means they cannot be changed without shareholder approval. For more information about these restrictions, see the SAI.

The Money Market Portfolio also follows certain policies when it borrows money (the Portfolio may borrow up to 5% of the value of its total assets) and holds illiquid securities (the Portfolio may hold up to 10% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days). If the Portfolio were to exceed this limit, the investment adviser would take prompt action to reduce the Portfolio’s holdings in illiquid securities to no more than 10% of its net assets, as required by applicable law. The Portfolio is subject to certain investment restrictions that are fundamental policies, which means they cannot be changed without shareholder approval. For more information about these restrictions, see the SAI.

We will consider other factors (such as cost) in deciding whether to employ any particular strategy or use any particular instrument. For more information about these strategies, see the SAI, “Investment Objectives and Policies of the Portfolios.”

HOW THE FUND IS MANAGED

Board Of Directors

The Board of Directors oversees the actions of the Investment Adviser, the subadvisers and the Distributor and decides on general policies. The Board also oversees the Fund’s officers who conduct and supervise the daily business operations of the Fund.

Investment Adviser

Prudential Investments LLC (PI), a wholly-owned subsidiary of Prudential Financial, Inc., serves as the overall investment adviser for the Fund. PI is located at Gateway Center Three, 100 Mulberry Street, Newark, New Jersey

07102. PI and its predecessors have served as manager and administrator to investment companies since 1987. As of December 31, 2002, PI served as the investment manager to all of the Prudential U.S. and offshore investment companies, and as manager or administrator to closed-end investment companies, with aggregate assets of approximately \$86.1 billion.

The Fund uses a “manager-of-managers” structure. Under this structure, PI is authorized to select (with approval of the Fund’s independent directors) one or more subadvisers to handle the actual day-to-day investment management of each Portfolio. PI monitors each subadviser’s performance through quantitative and qualitative analysis, and periodically reports to the Fund’s board of directors as to whether each subadviser’s agreement should be renewed, terminated or modified. PI also is responsible for allocating assets among the subadvisers if a Portfolio has more than one subadviser. In those circumstances, the allocation for each subadviser can range from 0% to 100% of a Portfolio’s assets, and PI can change the allocations without board or shareholder approval. The Fund will notify contract owners of any new subadviser or any material changes to any existing subadvisory agreement.

The following chart lists the total annualized investment advisory fees paid by the Fund to PI in 2002 with respect to each of the Fund’s Portfolios.

Portfolio	Total advisory fees as % of average net assets
Equity	0.45
Global	0.75
Jennison	0.60
Money Market	0.40
Stock Index	0.35
Value	0.40
SP AIM Aggressive Growth	0.95
SP AIM Core Equity	0.85
SP Alliance Large Cap Growth	0.90
SP Alliance Technology	1.15
SP Davis Value	0.75
SP Deutsche International Equity	0.90
SP INVESCO Small Company Growth	0.95
SP Jennison International Growth	0.85
SP Large Cap Value	0.80
SP MFS Capital Opportunities	0.75
SP Mid Cap Growth (formerly, SP MFS Mid Cap Growth)	0.80
SP PIMCO High Yield	0.60
SP PIMCO Total Return	0.60
SP Prudential U.S. Emerging Growth	0.60
SP Small/Mid Cap Value	0.90
SP Strategic Partners Focused Growth	0.90
SP Aggressive Growth Asset Allocation	0.84**
SP Balanced Asset Allocation	0.75**
SP Conservative Asset Allocation	0.71**
SP Growth Asset Allocation	0.80**

** Each Asset Allocation Portfolio invests only in shares of other underlying Fund Portfolios. The advisory fees for the Asset Allocation Portfolios are the product of a blend of the advisory fees of the underlying Fund Portfolios, plus a 0.05% annual advisory fee paid to PI. The only advisory fee directly paid by the Asset Allocation Portfolios is the 0.05% fee paid to PI.

Investment Subadvisers

Each Portfolio has one or more subadvisers providing the day-to-day investment management. PI pays each subadviser out of the fee that PI receives from the Fund.

Jennison Associates LLC (Jennison) serves as the subadviser for the Global Portfolio, the Jennison Portfolio, the SP Jennison International Growth Portfolio, the SP Prudential U.S. Emerging Growth Portfolio the Value Portfolio, the Equity Portfolio, and for a portion of the SP Strategic Partners Focused Growth Portfolio. Jennison's address is 466 Lexington Avenue, New York, New York 10017. Jennison is a wholly owned subsidiary of Prudential Financial, Inc. As of December 31, 2002, Jennison had approximately \$48 billion in assets under management for institutional and mutual fund clients.

Prudential Investment Management, Inc. (PIM) serves as the subadviser for the Money Market Portfolio and the Stock Index Portfolio. PIM is a wholly owned subsidiary of Prudential Financial, Inc. PIM's address is Gateway Center Two, 100 Mulberry Street, Newark, New Jersey 07102.

AIM Capital Management, Inc. (AIM Capital) serves as the subadviser to the SP AIM Aggressive Growth Portfolio and the SP AIM Core Equity Portfolio. AIM Capital is located at 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. AIM Capital provides investment advisory services to each Portfolio by obtaining and evaluating economic, statistical and financial information and formulating and implementing investment programs. AIM Capital, together with its affiliates, advises or manages approximately 177 investment portfolios as of December 31, 2002, encompassing a broad range of investment objectives. AIM Capital uses a team approach to investment management. As of December 31, 2002, AIM Capital and its affiliates managed approximately \$124 billion in assets.

Alliance Capital Management, L.P. (Alliance) serves as the subadviser to the SP Alliance Technology Portfolio, SP Alliance Large Cap Growth Portfolio and a portion of the SP Strategic Partners Focused Growth Portfolio. Alliance is located at 1345 Avenue of the Americas, New York, New York 10105. Alliance is a leading international investment manager. Alliance's clients are primarily major corporate employee benefit funds, public employee retirement systems, investment companies, foundations and endowment funds. As of December 31, 2002, Alliance managed \$387 billion in assets.

Calamos Asset Management, Inc. (Calamos) serves as the subadviser to the SP Mid Cap Growth Portfolio. Calamos, a registered investment adviser, is a wholly-owned subsidiary of Calamos Holdings, Inc. As of December 31, 2002, Calamos managed approximately \$12.9 billion in assets for institutions, individuals, investment companies and hedge funds. Calamos' address is 1117 E. Warrenville Road, Naperville, Illinois 60563-1463.

Davis Advisors (Davis) serves as the subadviser to the SP Davis Value Portfolio. Davis is located at 2429 East Elvira Road, Suite 101, Tucson, Arizona 85706. As of December 31, 2002, Davis managed approximately \$33.6 billion in assets.

Deutsche Asset Management Investment Services Limited (DeAMIS) serves as the subadviser to the SP Deutsche International Equity Portfolio. DeAMIS is a wholly-owned subsidiary of Deutsche Bank AG. As of December 31, 2002 DeAMIS's total assets under management exceeded \$96.1 billion. DeAMIS's address is One Appold Street, London, United Kingdom.

Fidelity Management & Research Company (FMR) serves as the subadviser to the SP Large Cap Value Portfolio and the SP Small/Mid Cap Value Portfolio. As of December 31, 2002, FMR and its wholly-owned subsidiaries had approximately \$888 billion in assets under management. The address of FMR is 82 Devonshire Street, Boston, Massachusetts 02109.

GE Asset Management, Incorporated (GEAM) serves as the subadviser to approximately 25% of the Equity Portfolio. GEAM's ultimate parent is General Electric Company. Its address is 3003 Summer Street, Stamford, Connecticut 06904. As of December 31, 2002, GEAM oversees in excess of \$171 billion under management.

INVESCO Funds Group, Inc. (INVESCO), located at 4350 South Monaco Street, Denver, Colorado 80237, serves as the subadviser of the SP INVESCO Small Company Growth Portfolio. INVESCO was founded in 1932 and as of December 31, 2002, managed over \$21 billion in assets. INVESCO is a subsidiary of AMVESCAP PLC, an international investment management company based in London, with money managers in Europe, North and South America and the Far East.

Massachusetts Financial Services Company (MFS), located at 500 Boylston Street, Boston, Massachusetts, serves as the subadviser for the SP MFS Capital Opportunities Portfolio. MFS and its predecessor organizations have a history of money management dating from 1924. MFS is a subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., which in turn is an indirect wholly owned subsidiary of Sun Life Financial Services of Canada, Inc. (a diversified financial services organization). As of December 31, 2002, MFS managed over \$112.5 billion in assets.

Pacific Investment Management Company LLC (PIMCO) serves as the subadviser for the SP PIMCO Total Return Portfolio and the SP PIMCO High Yield Portfolio. PIMCO is located at 840 Newport Center Drive, Newport Beach, California 92660 and is a subsidiary of Allianz Dresdner Asset Management of America L.P., formerly PIMCO Advisors L.P. As of December 31, 2002, PIMCO managed over \$304.6 billion in assets.

Salomon Brothers Asset Management Inc. (Salomon) serves as a subadviser for a portion of the assets of the Equity Portfolio. Salomon is part of the global asset management arm of Citigroup Inc. which was formed in 1998 as a result of the merger of Travelers Group and Citicorp Inc. As of December 31, 2002, Salomon managed more than \$34 billion in total assets. Salomon's address is 399 Park Avenue, New York, New York 10022.

Portfolio Managers

An Introductory Note About Prudential Investment Management's Fixed Income Group

Prudential Fixed Income (PIM), which provides portfolio management services to the Money Market and Stock Index Portfolios, manages approximately \$145 billion for Prudential's retail investors, institutional investors, and policyholders. Senior Managing Director James J. Sullivan heads the Group. Patricia L. Cook is Chief Investment Officer.

Prior to joining PIM in 1998, Mr. Sullivan was a Managing Director in Prudential's Capital Management Group, where he oversaw portfolio management and credit research for Prudential's General Account and subsidiary fixed-income portfolios. He has more than 19 years of experience in risk management, arbitrage trading, and corporate bond investing.

Ms. Cook joined PIM as Chief Investment Officer in 2001, from Fischer Francis Trees & Watts, where she was most recently Managing Director of Alternative Investments. She has more than 23 years of investment experience as a fixed-income portfolio manager, analyst, and trader.

Investment Approach

The PIM Fixed Income Group is organized into six teams specializing in different sectors of the fixed income market: Global Liquidity (U.S. and non-U.S. government bonds and mortgages), Corporate Bonds (U.S. and non-U.S.), High Yield Bonds, Emerging Markets, Municipal Bonds, and Money Markets.

Portfolios are managed using an institutional, team-based approach. The team is led by designated portfolio manager(s) who develop and coordinate investment strategy within the framework of a Prudential Fixed Income Strategic Outlook and the Portfolio's investment objective, restrictions, policies, and benchmark.

The Strategic Outlook, developed quarterly by a senior management team led by the Chief Investment Officer, is a Prudential Fixed Income-wide view on the economy, interest rates, yield curve, and risk levels in each major bond market, both U.S. and globally.

“Top-down” investment decisions such as duration, yield curve, and sector positioning are made consistent with the Strategic Outlook, while “bottom-up” security selection is implemented by individual Sector Teams, under the supervision of the portfolio manager(s). The Sector Teams buy and sell all securities for the portfolios.

Security selection is research-driven. Sector Teams rely heavily on fundamental research from the credit research team, while government and mortgage security selection is based primarily on quantitative research. Each portfolio’s risk exposure is actively managed to ensure consistency with the intended risk/return objectives.

Equity Portfolio

Jeffrey Siegel and David Kiefer are co-managers of the portion of the Portfolio assigned to Jennison. Mr. Siegel has been an Executive Vice President of Jennison since June 1999. Previously he was at TIAA-CREF from 1988-1999, where he held positions as a portfolio manager and analyst. Prior to joining TIAA-CREF, Mr. Siegel was an analyst for Equitable Capital Management and held positions at Chase Manhattan Bank and First Fidelity Bank. Mr. Siegel earned a B.A. from Rutgers University. Mr. Kiefer has been a Senior Vice President of Jennison since September 2000. He joined Prudential in 1986 and was previously a Managing Director of Prudential Global Asset Management. Mr. Kiefer earned a B.S. from Princeton University and an M.B.A. from Harvard Business School. He holds a Chartered Financial Analyst (CFA) designation.

Richard Sanderson, Senior Vice President and Director of Investment Research, Domestic Equities, for GEAM, manages the portion of the Equity Portfolio assigned to GEAM. Mr. Sanderson, a Chartered Financial Analyst, has 32 years of asset management experience and has been employed with GEAM for over 8 years, and holds B.A. and M.B.A. degrees from the University of Michigan.

Michael Kagan, a Managing Director of Salomon, manages the portion of the Equity Portfolio assigned to Salomon. Mr. Kagan has over 15 years of asset management experience, including experience as an analyst covering the consumer products, aerospace, chemicals, and housing industries. Mr. Kagan received his B.A. from Harvard College and attended the MIT Sloan School of Management.

Global Portfolio

Daniel J. Duane and Michelle I. Picker manage this Portfolio. Mr. Duane, an Executive Vice President of Jennison has managed the Portfolio since 1991. Prior to joining Jennison in October 2000, he was a Managing Director of Prudential Global Asset Management. Prior to joining Prudential in 1990, he was with First Investors Asset Management where he was in charge of all global equity investments. He earned an A.B. from Boston College, a Ph.D. from Yale University and an M.B.A. from New York University. Mr. Duane also was a Fulbright Scholar at the University of Tuebingen in Germany. He holds a Chartered Financial Analyst (CFA) designation. Ms. Picker, a Vice President of Jennison has co-managed the Portfolio since 1997. Prior to joining Jennison in October 2000, she was a Vice President of Prudential Investment Management, Inc. Prior to joining Prudential in 1992, Ms. Picker was an accountant and consultant at Price Waterhouse. Ms. Picker earned a B.A. from the University of Pennsylvania and an M.B.A. from New York University. She holds a Chartered Financial Analyst (CFA) designation.

Jennison Portfolio

This Portfolio has been managed by Spiros “Sig” Segalas, Michael Del Balso and Kathleen McCarragher since 1999. Mr. Segalas is a founding member and a Director, President and Chief Investment Officer of Jennison. He has been in the investment business for over 42 years. Mr. Del Balso is a Director and Executive Vice President of Jennison. He has been part of the Jennison team since 1972 when he joined the firm from White, Weld & Company. Mr. Del Balso is a member of the New York Society of Security Analysts, Inc. Ms. McCarragher is a Director and Executive Vice President of Jennison. Prior to joining Jennison in 1998, she was a Managing Director and Director of Large Cap Growth Equities at Weiss, Peck & Greer L.L.C. Prior to 1992, Ms. McCarragher served as an analyst, portfolio manager and member of the Investment Committee for State Street Research & Management Company.

Money Market Portfolio

The Prudential Fixed Income Money Market Team, headed by Joseph M. Tully, is primarily responsible for the day-to-day management of the Portfolio. He employs an institutional, team-based approach that seeks to outperform the Portfolio's benchmark while controlling risk. Investment strategy is developed and coordinated within the framework of a Prudential Fixed Income Strategic Outlook and the Portfolio's investment objective, restrictions, policies, and benchmark. (See Introductory Note above, for more information.)

Joseph M. Tully is Managing Director and head of the Money Market Team. Joe has 15 years of experience managing short-term fixed income investments. Prior to joining Prudential Financial in 1987, Joe worked for Merrill Lynch Asset Management as portfolio manager and senior bank credit analyst. Previously, he was an assistant national bank examiner for the Office of the Comptroller of the Currency. Joe received a BS in Finance from Fordham University and an MBA from Rutgers University.

Money Market Team

- Assets Under Management: \$42 billion as of December 31, 2002
- Sectors: Taxable and tax-exempt money market securities

Stock Index Portfolio

John Moschberger, CFA, Vice President of PIM, has managed this Portfolio since 1990. Mr. Moschberger joined Prudential in 1980 and has been a portfolio manager since 1986.

Value Portfolio

Tom Kolefas manages the Portfolio. Mr. Kolefas is an Executive Vice President of Jennison. Prior to joining Jennison in September 2000, he was a Managing Director and Senior Portfolio Manager of Prudential Global Asset Management. Before joining Prudential in May 2000, Mr. Kolefas was with Loomis Sayles & Company, L.P. for four years, where he headed the Large-/Mid-Cap Value team. Prior to 1996, Mr. Kolefas was employed by Mackay Shields Financial as a portfolio manager for five years. He earned a B.S. from the Cooper Union School of Engineering and an M.B.A. from New York University. He holds a Chartered Financial Analyst (C.F.A.) designation.

SP AIM Aggressive Growth Portfolio

A I M Capital Management, Inc. (AIM Capital) uses a team approach to investment management. The individual members of the team who are primarily responsible for the day-to-day management of the Portfolio are Karl F. Farmer, Portfolio Manager, who has been responsible for the Portfolio since 2003 and has been associated with AIM Capital and/or its affiliates since 1998. Prior to 1998, Mr. Farmer spent 6 years as a pension actuary with William M. Mercer Inc., Jay K. Rushin, CFA, Portfolio Manager, who has been responsible for the Portfolio since 2000 and has been associated with AIM Capital and/or its affiliates since 1998, and Robert M. Kippes, Senior Portfolio Manager, who has been responsible for the Portfolio since 2000, and has been associated with AIM Capital and/or its affiliates since 1989. Mr. Kippes serves as the lead portfolio manager for the Portfolio.

SP AIM Core Equity Portfolio

A I M Capital Management, Inc. (AIM Capital) uses a team approach to investment management. The individual members of the team who are primarily responsible for the day-to-day management of the Portfolio are:

Ronald Sloan, Senior Portfolio Manager, who has been responsible for the Portfolio since 2002, joined AIM Capital in 1998 from Verissimo Research and Management, where he served as president since 1993. He is a Chartered Financial Analyst and serves as the lead portfolio manager for the Portfolio.

David W. Pointer, Portfolio Manager, who has been responsible for the Portfolio since 2003 and has been associated with AIM Capital and/or its affiliates since 1999. From 1997 to 1999, he was a full-time student.

SP Alliance Large Cap Growth Portfolio

Jim Reilly, Executive Vice President of Alliance Capital Management Corporation (ACMC) leads the team managing this Portfolio, with Syed Hasnain, Senior Vice President and Senior Portfolio Manager, also being directly involved.

Mr. Reilly is an Executive Vice President of Alliance Capital and Head of the Large Capitalization Growth Team. Mr. Reilly joined Alliance Capital in 1985 and has been a portfolio manager for the Alliance large cap growth team since 1988. In 1997, he opened a money management office for Alliance Capital's large cap growth team in Chicago. Mr. Reilly received his B.S. in Engineering from Northwestern University, where he was an Evans Scholar, and his M.B.A. from the University of Chicago.

Mr. Hasnain joined ACMC after working as a strategist with Merrill Lynch Capital Markets. Previously he was an international economist with Citicorp and a financial analyst at Goldman Sachs & Co. He holds a M. Phil in Finance from Cambridge University, and Sc.B. from Brown University, and studied towards a doctorate at Stanford Business School. Investment experience: 12 years.

SP Alliance Technology Portfolio

Gerald T. Malone manages the SP Alliance Technology Portfolio. Mr. Malone is a Senior Vice President of Alliance Capital Management Corporation (ACMC) and has been associated with ACMC for more than ten years.

SP Davis Value Portfolio

The following individuals provide day-to-day management of the SP Davis Value Portfolio.

Christopher C. Davis

Responsibilities:

- President of Davis New York Venture Fund, Inc.
- Also manages or co-manages other equity funds advised by Davis Advisors.

Other Experience:

- Portfolio Manager of Davis New York Venture Fund since October 1995.
- Assistant Portfolio Manager and research analyst working with Shelby M.C. Davis from September 1989 to September 1995.

Kenneth Charles Feinberg

Responsibilities:

- Co-Portfolio Manager of Davis New York Venture Fund with Christopher C. Davis since May 1998.
- Also co-manages other equity funds advised by Davis Advisors.

Other Experience:

- Research analyst at Davis Advisors since December 1994.
- Assistant Vice President of Investor Relations for Continental Corp. from 1988 to 1994.

SP Deutsche International Equity Portfolio

The portfolio is managed by a team headed by Alexander Tedder:

Alexander Tedder, Managing Director of Deutsche Asset Management and Co-Manager of the Portfolio

- Head of EAFE Equity Portfolio Selection Team
- Joined DeAMIS in 1994 as a portfolio manager
- Was a European analyst (1990-1994) and representative (1992-1994) for Schroeders
- 12 years of investment experience
- Fluent in German, French, Italian and Spanish
- Masters in Economics and Business Administration from Freiburg University

SP INVESCO Small Company Growth Portfolio

The following individuals are primarily responsible for the day-to-day management of the Portfolio's holdings:

Stacie L. Cowell, a senior vice president of INVESCO, is the lead portfolio manager of the Portfolio. Before joining INVESCO in 1997, Stacie was senior equity analyst with Founders Asset Management and a capital markets and trading analyst with Chase Manhattan Bank in New York. She is a CFA charterholder. Stacie holds an M.S. in Finance from the University of Colorado and a B.A. in Economics from Colgate University.

Cameron Cooke is the co-portfolio manager of the Portfolio. Mr. Cooke joined the investment division of INVESCO in 2000. Prior to joining INVESCO, Cameron was a senior equity analyst at Wells Capital Management. Mr. Cooke holds a B.A. in economics from the University of North Carolina at Chapel Hill.

SP Jennison International Growth Portfolio

Daniel J. Duane manages the Portfolio. Mr. Duane is an Executive Vice President of Jennison. Prior to joining Jennison in October 2000, he was a Managing Director of Prudential Global Asset Management. Prior to joining Prudential in 1990, he was with First Investors Asset Management where he was in charge of all global equity investments. He earned an A.B. from Boston College, a Ph.D. from Yale University and an M.B.A. from New York University. Mr. Duane also was a Fulbright Scholar at the University of Tuebingen in Germany. He holds a Chartered Financial Analyst (CFA) designation.

SP Large Cap Value Portfolio And SP Small/Mid Cap Value Portfolio

Fidelity Management & Research Company (FMR) is the Portfolios' subadviser. Robert Macdonald is portfolio manager of the SP Large Cap Value Portfolio and the SP Small/Mid Cap Value Portfolio. Mr. Macdonald is a senior vice president and portfolio manager for other accounts managed by FMR and its affiliates. He joined FMR in 1985.

SP MFS Capital Opportunities Portfolio

The Portfolio is managed by S. Irfan Ali and Kenneth J. Enright. Mr. Ali is a Senior Vice President and portfolio manager of the MFS Strategic Growth portfolios. He joined MFS as a research analyst in 1993 and earned his M.B.A. from the Harvard Business School. Mr. Enright is a Senior Vice President and portfolio manager of the MFS Strategic Value portfolios and assists on the team managed MFS Total Return portfolios. He joined MFS in 1986 as a research analyst and earned his M.B.A. from Babson College.

SP Mid Cap Growth Portfolio (formerly, SP MFS Mid Cap Growth Portfolio)

John P. Calamos, Chief Executive Officer and President of Calamos, Nick P. Calamos, Chief Investment Officer and Executive Vice President of Calamos, and John P. Calamos, Jr., Executive Vice President of Calamos, manage the SP Mid Cap Growth Portfolio. Each has been with Calamos since 1987. John P. Calamos and Nick P. Calamos have managed money together at Calamos or a related entity for nearly 20 years.

SP PIMCO High Yield Portfolio

The Portfolio is managed by Raymond G. Kennedy. Mr. Kennedy, is a Managing Director of PIMCO, and he joined PIMCO as a credit analyst in 1996. Prior to joining PIMCO, Mr. Kennedy was associated with the Prudential Insurance Company of America as a private placement asset manager.

SP PIMCO Total Return Portfolio

The Portfolio is managed by a portfolio management team led by William H. Gross, Managing Director, Chief Investment Officer and a founding partner of PIMCO. The portfolio management team develops and implements strategy for the Portfolio.

SP Prudential U.S. Emerging Growth Portfolio

Susan Hirsch manages the Portfolio. Ms. Hirsch is an Executive Vice President of Jennison and has managed the retail fund counterpart of this Portfolio since it began. Prior to joining Jennison, she was a Managing Director of Prudential Global Asset Management. Prior to joining Prudential in July 1996, Ms. Hirsch was employed by Lehman Brothers Global Asset Management from 1986 to 1996 and Delphi Asset Management in 1996. She managed growth stock portfolios at both firms. During this time, Ms. Hirsch was named as an *Institutional Investor* All-American Research Team Analyst for small growth stocks in 1991, 1992 and 1993. She holds a B.S. from Brooklyn College and is a member of the Financial Analysts Federation and The New York Society of Security Analysts, Inc.

SP Strategic Partners Focused Growth Portfolio

Thomas G. Kamp manages the portion of the Portfolio's assets advised by Alliance. Mr. Kamp joined Alliance in March 1993, serving as a Portfolio Manager in the Large Cap Growth Group. In 1996, he began managing the offshore (Luxemborg) version of the Premier Growth Fund — the ACM Global Investments — American Growth Portfolio.

Spiros "Sig" Segalas and Kathleen A. McCarragher are co-portfolio managers for the portion of the Portfolio advised by Jennison. Mr. Segalas is a founding member and a Director, President and Chief Investment Officer of Jennison. He has been in the investment business for over 42 years. Ms. McCarragher is a Director and Executive Vice President of Jennison. Prior to joining Jennison in 1998, she was a Managing Director and Director of Large Cap Growth Equities at Weiss, Peck & Greer L.L.C. Prior to 1992, Ms. McCarragher served as an analyst, portfolio manager and member of the Investment Committee for State Street Research & Management Company.

SP Asset Allocation Portfolios

For the four Asset Allocation Portfolios, PI invests in shares of other Fund Portfolios according to the percentage allocations discussed in this prospectus.

HOW TO BUY AND SELL SHARES OF THE FUND

The Fund offers two classes of shares in each Portfolio — Class I and Class II. Each Class participates in the same investments within a given Portfolio, but the Classes differ as far as their charges. Class I shares are sold only to separate accounts of Prudential Insurance Company of America and its affiliates as investment options under certain Contracts. Class II is offered only to separate accounts of non-Prudential insurance companies as investment options under certain of their Contracts. Please refer to the accompanying Contract prospectus to see which Portfolios are available through your Contract.

The Fund sells its shares to separate accounts issuing variable annuity contracts and variable life insurance policies. To the extent dictated by its agreement with a separate account, the Fund will cooperate with the separate account in monitoring for transactions that are indicative of market timing. In addition, to the extent permitted by applicable laws and agreements, the Fund may cease selling its shares to a separate account to prevent market timing transactions.

The way to invest in the Portfolios is through certain variable life insurance and variable annuity contracts. Together with this prospectus, you should have received a prospectus for such a Contract. You should refer to that prospectus for further information on investing in the Portfolios.

Both Class I and Class II shares of a Portfolio are sold without any sales charge at the net asset value of the Portfolio. Class II shares, however, are subject to an annual distribution or "12b-1" fee of 0.25% of the average daily net assets of Class II. Under the distribution plan adopted by the Fund for Class II shares, Class II of each Portfolio pays to Prudential Investment Management Services LLC (PIMS) a distribution or 12b-1 fee at the annual rate of 0.25% of the average daily net assets of Class II. This fee pays for distribution services for Class II shares. Because these fees are paid out of the Portfolio's assets on an ongoing basis, over time these fees will increase the cost of your investment in Class II shares and may cost you more than paying other types of sales charges. Class II shares are also subject to an administration fee of 0.15% of the average daily net assets of Class II. Class I shares do not have a distribution or administration fee.

Shares are redeemed for cash within seven days of receipt of a proper notice of redemption or sooner if required by law. There is no redemption charge. We may suspend the right to redeem shares or receive payment when the New York Stock Exchange ("NYSE") is closed (other than weekends or holidays), when trading on the NYSE is restricted, or as permitted by the SEC.

Net Asset Value

Any purchase or sale of Portfolio shares is made at the net asset value, or NAV, of such shares. The price at which a purchase or redemption is made is based on the next calculation of the NAV after the order is received in good order. The NAV of each share class of each Portfolio is determined on each day the NYSE is open for trading as of the close of the exchange's regular trading session (which is generally 4:00 p.m. New York time). The NYSE is closed on most national holidays and Good Friday. The Fund does not price, and shareholders will not be able to purchase or redeem, the Fund's shares on days when the NYSE is closed but the primary markets for the Fund's foreign securities are open, even though the value of these securities may have changed. Conversely, the Fund will ordinarily price its shares, and shareholders may purchase and redeem shares, on days that the NYSE is open but foreign securities markets are closed. Securities for which no market quotations are available will be valued at fair value by PI under the direction of the Fund's Board of Directors. The Fund also may use fair value pricing if it determines that a market quotation is not reliable based among other things, on events that occur after the quotation is derived or after the close of the primary market on which the security is traded, but before the time that the Fund's NAV is determined. This use of fair value pricing most commonly occurs with securities that are primarily traded outside the U.S., but also may occur with U.S.-traded securities. The fair value of a portfolio security that the Fund uses to determine its NAV may differ from the security's quoted or published price. For purposes of computing the Fund's NAV, we will value the Fund's futures contracts 15 minutes after the close of regular trading on the NYSE. Except when we fair value securities, we normally value each foreign security held by the Fund as of the close of the security's primary market.

The NAV for each of the Portfolios other than the Money Market Portfolio is determined by a simple calculation. It's the total value of a Portfolio (assets minus liabilities) divided by the total number of shares outstanding. The NAV for the Money Market Portfolio will ordinarily remain at \$10 per share. (The price of each share remains the same but you will have more shares when dividends are declared.)

To determine a Portfolio's NAV, its holdings are valued as follows:

Equity Securities for which the primary market is on an exchange (whether domestic or foreign) shall be valued at the last sale price on such exchange or market on the day of valuation or, if there was no sale on such day, at the mean between the last bid and asked prices on such day or at the last bid price on such day in the absence of an asked price. Securities included within the NASDAQ market shall be valued at the NASDAQ official closing price (NOCP) on the day of valuation, or if there was no NOCP issued, at the last sale price on such day. Securities included within the NASDAQ market for which there is no NOCP and no last sale price on the day of valuation shall be valued at the mean between the last bid and asked prices on such day or at the last bid price on such day in the absence of an asked price. Equity securities that are not sold on an exchange or NASDAQ are generally valued by an independent pricing agent or principal market maker.

A Portfolio may own securities that are primarily listed on foreign exchanges that trade on weekends or other days when the Portfolios do not price their shares. Therefore, the value of a Portfolio's assets may change on days when shareholders cannot purchase or redeem Portfolio shares.

All Short-term Debt Securities held by the Money Market Portfolio are valued at amortized cost. The amortized cost valuation method is widely used by mutual funds. It means that the security is valued initially at its purchase price and then decreases in value by equal amounts each day until the security matures. It almost always results in a value that is extremely close to the actual market value. The Fund's Board of Directors has established procedures to monitor whether any material deviation between valuation and market value occurs and if so, will promptly consider what action, if any, should be taken to prevent unfair results to Contract owners.

For each Portfolio other than the Money Market Portfolio, short-term debt securities, including bonds, notes, debentures and other debt securities, and money market instruments such as certificates of deposit, commercial paper, bankers' acceptances and obligations of domestic and foreign banks, with remaining maturities of more than 60 days, for which market quotations are readily available, are valued by an independent pricing agent or principal market maker (if available, otherwise a primary market dealer).

Short-term Debt Securities with remaining maturities of 60 days or less are valued at cost with interest accrued or discount amortized to the date of maturity, unless such valuation, in the judgment of PI or a subadviser, does not represent fair value.

Convertible debt securities that are traded in the over-the-counter market, including listed convertible debt securities for which the primary market is believed by PI or a subadviser to be over-the-counter, are valued at the mean between the last bid and asked prices provided by a principal market maker (if available, otherwise a primary market dealer).

Other debt securities — those that are not valued on an amortized cost basis — are valued using an independent pricing service.

Options on stock and stock indexes that are traded on a national securities exchange are valued at the last sale price on such exchange on the day of valuation or, if there was no such sale on such day, at the mean between the most recently quoted bid and asked prices on such exchange.

Futures contracts and options on futures contracts are valued at the last sale price at the close of the commodities exchange or board of trade on which they are traded. If there has been no sale that day, the securities will be valued at the mean between the most recently quoted bid and asked prices on that exchange or board of trade.

Forward currency exchange contracts are valued at the cost of covering or offsetting such contracts calculated on the day of valuation. Securities which are valued in accordance herewith in a currency other than U.S. dollars shall be converted to U.S. dollar equivalents at a rate obtained from a recognized bank, dealer or independent service on the day of valuation.

Over-the-counter (OTC) options are valued at the mean between bid and asked prices provided by a dealer (which may be the counterparty). A subadviser will monitor the market prices of the securities underlying the OTC options with a view to determining the necessity of obtaining additional bid and ask quotations from other dealers to assess the validity of the prices received from the primary pricing dealer.

Distributor

Prudential Investment Management Services LLC (PIMS) distributes the Fund's shares under a Distribution Agreement with the Fund. PIMS' principal business address is Gateway Center Three, 100 Mulberry Street, Newark, New Jersey 07102-3777. The Fund has adopted a distribution plan under Rule 12b-1 of the Investment Company Act covering Class II shares. These 12b-1 fees do not apply to Class I.

OTHER INFORMATION

Federal Income Taxes

If you own or are considering purchasing a variable contract, you should consult the prospectus for the variable contract for tax information about that variable contract. You should also consult with a qualified tax adviser for information and advice.

The SAI provides information about certain tax laws applicable to the Fund.

Monitoring For Possible Conflicts

The Fund sells its shares to fund variable life insurance contracts and variable annuity contracts and is authorized to offer its shares to qualified retirement plans. Because of differences in tax treatment and other considerations, it is possible that the interest of variable life insurance contract owners, variable annuity contract owners and participants in qualified retirement plans could conflict. The Fund will monitor the situation and in the event that a material conflict did develop, the Fund would determine what action, if any, to take in response.

FINANCIAL HIGHLIGHTS

The financial highlights which follow will help you evaluate the financial performance of each Portfolio available under your Contract. The **total return** in each chart represents the rate that a shareholder earned on an investment in that share class of the Portfolio, assuming reinvestment of all dividends and other distributions. The charts do not reflect any charges under any variable contract. The information is for Class I shares for the periods indicated, unless otherwise indicated.

The information has been audited by **PricewaterhouseCoopers LLP**, whose unqualified report, along with the financial statements, appears in the annual report, which is available upon request.

Contract described herein is no longer available for sale.

Financial Highlights

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

	Equity Portfolio				
	Class I				
	Year Ended December 31,				
	2002	2001	2000	1999	1998
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 20.49	\$ 24.50	\$ 28.90	\$ 29.64	\$ 31.07
Income From Investment Operations:					
Net investment income	0.17	0.18	0.51	0.54	0.60
Net realized and unrealized gains (losses) on investments	(4.75)	(2.83)	0.26	3.02	2.21
Total from investment operations	(4.58)	(2.65)	0.77	3.56	2.81
Less Distributions:					
Dividends from net investment income	(0.16)	(0.18)	(0.51)	(0.53)	(0.60)
Distributions in excess of net investment income	—	—	(0.02)	—	—
Distributions from net realized gains	—	(1.18)	(4.64)	(3.77)	(3.64)
Total distributions	(0.16)	(1.36)	(5.17)	(4.30)	(4.24)
Net Asset Value, end of year	\$ 15.75	\$ 20.49	\$ 24.50	\$ 28.90	\$ 29.64
Total Investment Return(a)	(22.34)%	(11.18)%	3.28%	12.49%	9.34%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$3,273.6	\$4,615.9	\$5,652.7	\$6,235.0	\$6,247.0
Ratios to average net assets:					
Expenses	0.48%	0.49%	0.49%	0.47%	0.47%
Net investment income	0.88%	0.84%	1.75%	1.72%	1.81%
Portfolio turnover rate	54%	153%	78%	9%	25%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

	Global Portfolio				
	Year Ended December 31,				
	2002	2001	2000	1999	1998
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 15.29	\$ 23.61	\$ 30.98	\$ 21.16	\$17.92
Income From Investment Operations:					
Net investment income	0.07	0.09	0.07	0.06	0.07
Net realized and unrealized gains (losses) on investments	(3.87)	(3.58)	(5.30)	10.04	4.38
Total from investment operations	(3.80)	(3.49)	(5.23)	10.10	4.45
Less Distributions:					
Dividends from net investment income	(0.14)	(0.06)	(0.07)	—	(0.16)
Distributions in excess of net investment income	—	—	(0.13)	(0.10)	(0.12)
Distributions from net realized gains	—	(4.77)	(1.94)	(0.18)	(0.93)
Total distributions	(0.14)	(4.83)	(2.14)	(0.28)	(1.21)
Net Asset Value, end of year	\$ 11.35	\$ 15.29	\$ 23.61	\$ 30.98	\$21.16
Total Investment Return(a)	(25.14)%	(17.64)%	(17.68)%	48.27%	25.08%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$ 514.9	\$ 885.0	\$1,182.1	\$1,298.3	\$844.5
Ratios to average net assets:					
Expenses	0.82%	0.84%	0.85%	0.84%	0.86%
Net investment income	0.47%	0.58%	0.25%	0.21%	0.29%
Portfolio turnover rate	75%	67%	95%	76%	73%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

Financial Highlights

	Jennison Portfolio				
	Class I				
	Year Ended December 31,				
	2002	2001	2000	1999	1998
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 18.57	\$ 22.97	\$ 32.39	\$ 23.91	\$ 17.73
Income From Investment Operations:					
Net investment income	0.03	0.04	0.01	0.05	0.04
Net realized and unrealized gains (losses) on investments	(5.78)	(4.22)	(5.61)	9.88	6.56
Total from investment operations	(5.75)	(4.18)	(5.60)	9.93	6.60
Less Distributions:					
Dividends from net investment income	(0.03)	(0.03)	—(b)	(0.05)	(0.04)
Distributions from net realized gains	—	(0.19)	(3.82)	(1.40)	(0.38)
Total distributions	(0.03)	(0.22)	(3.82)	(1.45)	(0.42)
Net Asset Value, end of year	\$ 12.79	\$ 18.57	\$ 22.97	\$ 32.39	\$ 23.91
Total Investment Return(a)	(30.95)%	(18.25)%	(17.38)%	41.76%	37.46%
Ratios/Supplement Data:					
Net assets, end of year (in millions)	\$1,388.8	\$2,186.9	\$2,892.7	\$2,770.7	\$1,198.7
Ratios to average net assets:					
Expenses	0.61%	0.64%	0.64%	0.63%	0.63%
Net investment income	0.21%	0.18%	0.02%	0.17%	0.20%
Portfolio turnover rate	74%	86%	89%	58%	54%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

(b) Less than \$0.005 per share.

	Money Market Portfolio				
	Year Ended December 31,				
	2002	2001	2000	1999	1998
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$10.00
Income From Investment Operations:					
Net investment income and realized and unrealized gains	0.15	0.41	0.60	0.49	0.52
Dividend and distributions	(0.15)	(0.41)	(0.60)	(0.49)	(0.52)
Net Asset Value, end of year	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$10.00
Total Investment Return(a)	1.52%	4.22%	6.20%	4.97%	5.39%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$1,366.6	\$1,501.9	\$1,238.2	\$1,335.5	\$920.2
Ratios to average net assets:					
Expenses	0.43%	0.43%	0.44%	0.42%	0.41%
Net investment income	1.52%	3.86%	6.03%	4.90%	5.20%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

Financial Highlights

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

Stock Index Portfolio

Year Ended
December 31,

	2002	2001	2000	1999	1998
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 31.64	\$ 38.66	\$ 44.45	\$ 37.74	\$ 30.22
Income From Investment Operations:					
Net investment income	0.37	0.36	0.36	0.44	0.42
Net realized and unrealized gains (losses) on investments	(7.34)	(5.05)	(4.37)	7.23	8.11
Total from investment operations	(6.97)	(4.69)	(4.01)	7.67	8.53
Less Distributions:					
Dividends from net investment income	(0.36)	(0.35)	(0.37)	(0.43)	(0.42)
Distributions from net realized gains	(0.22)	(1.98)	(1.41)	(0.53)	(0.59)
Total distributions	(0.58)	(2.33)	(1.78)	(0.96)	(1.01)
Net Asset Value, end of year	\$ 24.09	\$ 31.64	\$ 38.66	\$ 44.45	\$ 37.74
Total Investment Return(a)	(22.19)%	(12.05)%	(9.03)%	20.54%	28.42%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$2,352.3	\$3,394.1	\$4,186.0	\$4,655.0	\$3,548.1
Ratios to average net assets:					
Expenses	0.37%	0.39%	0.39%	0.39%	0.37%
Net investment income	1.25%	1.02%	0.83%	1.09%	1.25%
Portfolio turnover rate	4%	3%	7%	2%	3%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

Value Portfolio

Class I

Year Ended
December 31,

	2002(b)	2001	2000	1999	1998
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 17.91	\$ 20.46	\$ 19.52	\$ 20.03	\$ 22.39
Income From Investment Operations:					
Net investment income	0.22	0.25	0.46	0.51	0.56
Net realized and unrealized gains (losses) on investments	(4.15)	(0.69)	2.45	1.89	(1.03)
Total from investment operations	(3.93)	(0.44)	2.91	2.40	(0.47)
Less Distributions:					
Dividends from net investment income	(0.23)	(0.30)	(0.44)	(0.50)	(0.59)
Distributions from net realized gains	—	(1.81)	(1.53)	(2.41)	(1.30)
Total distributions	(0.23)	(2.11)	(1.97)	(2.91)	(1.89)
Net asset value, end of year	\$ 13.75	\$ 17.91	\$ 20.46	\$ 19.52	\$ 20.03
Total Investment Return(a)	(21.97)%	(2.08)%	15.59%	2.52%	(2.38)%
Ratios/Supplement Data:					
Net assets, end of year (in millions)	\$1,247.0	\$1,801.4	\$1,975.3	\$2,040.0	\$2,142.3
Ratios to average net assets:					
Expenses	0.43%	0.44%	0.45%	0.42%	0.42%
Net investment income	1.39%	1.32%	2.31%	2.34%	2.54%
Portfolio turnover rate	94%	175%	85%	16%	20%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(b) Calculated based upon weighted average shares outstanding during the year.

Financial Highlights

	SP AIM Aggressive Growth Portfolio		
	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 6.49	\$ 8.60	\$ 10.00
Income From Investment Operations:			
Net investment loss	(0.03)	(0.04)	(0.01)
Net realized and unrealized losses on investments	(1.33)	(2.07)	(1.39)
Total from investment operations	(1.36)	(2.11)	(1.40)
Net Asset Value, end of period	\$ 5.13	\$ 6.49	\$ 8.60
Total Investment Return(b)	(20.96)%	(24.53)%	(14.00)%
Ratios/Supplement Data:			
Net assets, end of period (in millions)	\$ 9.3	\$ 5.7	3.9
Ratios to average net assets:(d)			
Expenses	1.07%	1.07%	1.07%(c)
Net investment loss	(0.72)%	(0.73)%	(0.40)%(c)
Portfolio turnover rate	73%	87%	16%(e)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 2.81% and (2.46)%, respectively, for the year ended December 31, 2002, 3.45% and (3.11)%, respectively, for the year ended December 31, 2001 and 5.57% and (4.90)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

	SP AIM Core Equity Portfolio		
	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 6.51	\$ 8.41	\$ 10.00
Income From Investment Operations:			
Net investment income (loss)	0.02	(—)(f)	0.01
Net realized and unrealized losses on investments	(1.01)	(1.90)	(1.59)
Total from investment operations	(0.99)	(1.90)	(1.58)
Less Dividends:			
Dividends from net investment income	—	—	(0.01)
Net Asset Value, end of period	\$ 5.52	\$ 6.51	\$ 8.41
Total Investment Return(b)	(15.21)%	(22.68)%	(15.74)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 13.9	\$ 10.2	\$ 4.3
Ratios to average net assets:(d)			
Expenses	1.00%	1.00%	1.00%(c)
Net investment income (loss)	0.45%	(0.02)%	0.26%(c)
Portfolio turnover rate	116%	65%	15%(e)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 1.79% and (0.34)%, respectively, for the year ended December 31, 2002, 2.55% and (1.57)%, respectively, for the year ended December 31, 2001 and 5.53% and (4.27)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Less than \$0.005 per share.

Financial Highlights

PART III
VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

SP Alliance Large Cap Growth Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	

Per Share Operating Performance:

Net Asset Value, beginning of period	\$ 7.31	\$ 8.55	\$ 10.00
--------------------------------------	---------	---------	----------

Income From Investment Operations:

Net investment income (loss)	(0.01)	(0.01)	0.01
Net realized and unrealized losses on investments	(2.27)	(1.23)	(1.45)
Total from investment operations	(2.28)	(1.24)	(1.44)

Less Distributions:

Dividends from net investment income	—	—	(0.01)
Tax return of capital distributions	—	—(f)	—
Total distributions	—	—(f)	(0.01)

Net Asset Value, end of period	\$ 5.03	\$ 7.31	\$ 8.55
--------------------------------	---------	---------	---------

Total Investment Return(b)	(31.19)%	(14.47)%	(14.44)%
-----------------------------------	----------	----------	----------

Ratios/Supplemental Data:

Net assets, end of period (in millions)	\$ 57.7	\$ 35.9	\$ 7.1
Ratios to average net assets:(d)			
Expenses	1.10%	1.10%	1.10%(c)
Net investment income (loss)	(0.27)%	(0.08)%	0.44%(c)
Portfolio turnover rate	34%	47%	10%(e)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the expense and net investment loss ratios would have been 1.19% and (0.35)%, respectively, for the year ended December 31, 2002, 1.57% and (0.55)%, respectively, for the year ended December 31, 2001 and 4.26% and (2.72)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Less than \$0.005 per share.

SP Alliance Technology Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	

Per Share Operating Performance:

Net Asset Value, beginning of period	\$ 5.71	\$ 7.62	\$ 10.00
--------------------------------------	---------	---------	----------

Income From Investment Operations:

Net investment income (loss)	(0.04)	(0.03)	0.01
Net realized and unrealized losses on investments	(2.32)	(1.88)	(2.38)
Total from investment operations	(2.36)	(1.91)	(2.37)

Less Distributions:

Dividends from net investment income	—	—	(0.01)
Distributions in excess of net investment income	—	—	—(c)
Total distributions	—	—	(0.01)

Net Asset Value, end of period	\$ 3.35	\$ 5.71	\$ 7.62
--------------------------------	---------	---------	---------

Total Investment Return(b)	(41.33)%	(25.07)%	(23.71)%
-----------------------------------	----------	----------	----------

Ratios/Supplemental Data:

Net assets, end of period (in millions)	\$ 6.5	\$ 7.7	\$ 6.1
Ratios to average net assets:(f)			
Expenses	1.30%	1.30%	1.30%(d)
Net investment income (loss)	(1.10)%	(0.69)%	0.37%(d)
Portfolio turnover rate	81%	47%	23%(e)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Less than \$0.005 per share.

(d) Annualized.

(e) Not annualized.

(f) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 3.00% and (2.81)%, respectively, for the year ended December 31, 2002, 3.16% and (2.53)%, respectively, for the year ended December 31, 2001 and 4.66% and (2.99)%, respectively, for the period ended December 31, 2000.

Financial Highlights

SP Davis Value Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 9.04	\$ 10.15	\$10.00
Income From Investment Operations:			
Net investment income	0.05	0.05	0.02
Net realized and unrealized gains (losses) on investments and foreign currencies	(1.47)	(1.11)	0.15
Total from investment operations	(1.42)	(1.06)	0.17
Less Distributions:			
Dividends from net investment income	—(f)	(0.05)	(0.02)
Net Asset Value, end of period	\$ 7.62	\$ 9.04	\$10.15
Total Investment Return(b)	(15.70)%	(10.46)%	1.69%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 165.0	\$ 94.4	\$ 12.8
Ratios to average net assets:(e)			
Expenses	0.83%	0.83%	0.83%(c)
Net investment income	0.82%	0.64%	1.48%(c)
Portfolio turnover rate	22%	17%	3%(d)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and included reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Not annualized.

(e) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment income (loss) ratios would have been 0.87% and 0.78%, respectively, for the year ended December 31, 2002, 1.03% and 0.43%, respectively, for the year ended December 31, 2001 and 3.16% and (0.85)%, respectively, for the period ended December 31, 2000.

(f) Less than \$0.005 per share.

SP Deutsche International Equity Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 7.35	\$ 9.44	\$10.00
Income From Investment Operations:			
Net investment income	0.04	0.05	0.01
Net realized and unrealized losses on investments	(1.31)	(2.09)	(0.57)
Total from investment operations	(1.27)	(2.04)	(0.56)
Less Dividends:			
Dividends from net investment income	—	(0.05)	—
Net Asset Value, end of period	\$ 6.08	\$ 7.35	\$ 9.44
Total Investment Return(b)	(17.17)%	(22.07)%	(5.20)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 46.4	\$ 24.7	\$ 7.8
Ratios to average net assets:(e)			
Expenses	1.10%	1.10%	1.10%(c)
Net investment income	0.55%	0.61%	0.55%(c)
Portfolio turnover rate	141%	155%	51%(d)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Not annualized.

(e) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 1.77% and (0.12)%, respectively, for the year ended December 31, 2002, 3.27% and (1.56)%, respectively, for the year ended December 31, 2001 and 4.21% and (2.56)%, respectively, for the period ended December 31, 2000.

Financial Highlights

SP INVESCO Small Company Growth Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 6.94	\$ 8.38	\$ 10.00
Income From Investment Operations:			
Net investment loss	(0.03)	(0.02)	—(f)
Net realized and unrealized losses on investments	(2.07)	(1.42)	(1.62)
Total from investment operations	(2.10)	(1.44)	(1.62)
Net Asset Value, end of period	\$ 4.84	\$ 6.94	\$ 8.38*
Total Investment Return(b)	(30.26)%	(17.18)%	(16.20)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 12.5	\$ 8.4	\$ 5.5
Ratios to average net assets:(d)			
Expenses	1.15%	1.15%	1.15%(c)
Net investment loss	(0.73)%	(0.28)%	(0.10)%(c)
Portfolio turnover rate	109%	83%	29%(e)

(a) Commencement of operations

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 2.30% and (1.89)%, respectively, for the year ended December 31, 2002, 2.84% and (1.97)%, respectively, for the year ended December 31, 2001 and 4.00% and (2.95)% respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Less than \$0.005 per share.

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

Contract described herein is no longer available for sale

Financial Highlights

SP Jennison International Growth Portfolio Class I

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001(h)	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 5.45	\$ 8.50	\$ 10.00
Income From Investment Operations:			
Net investment income	0.01	0.02	0.01
Net realized and unrealized losses on investments	(1.24)	(3.05)	(1.51)
Total from investment operations	(1.23)	(3.03)	(1.50)
Less Distributions:			
Tax return of capital distributions	—	(0.02)	—
Net Asset Value, end of period	\$ 4.22	\$ 5.45	\$ 8.50
Total Investment Return(c)	(22.57)%	(35.64)%	(15.00)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 34.9	\$ 19.9	\$ 7.6
Ratios to average net assets:(e)			
Expenses	1.24%	1.24%	1.24%(d)
Net investment income	0.26%(i)	0.31%(i)	0.51%(d)
Portfolio turnover rate	108%	86%	12%(f)

(a) Commencement of offering of Class I shares.

(b) Commencement of offering of Class II shares.

(c) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(d) Annualized.

(e) Net of expense subsidy. For Class I, if the investment advisor had not subsidized expenses, the annual expense and net investment income (loss) ratios would have been 1.40% and 0.10%, respectively, for the year ended December 31, 2002, 1.86% and (0.30)%, respectively, for the year ended December 31, 2001 and 3.44% and (1.69)%, respectively, for the period ended December 31, 2000. For Class II, if the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 1.80% and (0.26)%, respectively, for the year ended December 31, 2002, 2.26% and (0.66)%, respectively, for the year ended December 31, 2001 and 3.84% and (2.20)%, respectively, for the period ended December 31, 2000.

(f) Not annualized.

(g) Less than \$0.005 per share.

(h) Calculated based upon weighted average shares outstanding during the year.

(i) For Class I, includes custody fee credits of 0.02% and 0.12% for the year ended December 31, 2002 and the year ended December 31, 2001, respectively. If the Portfolio had not earned custodian fee credits, the annual net investment income would have been 0.24% and 0.19%, respectively for the year ended December 31, 2002 and the year ended December 31, 2001. For Class II, includes custody fee credits of 0.02% and 0.13% for the year ended December 31, 2002 and the year ended December 31, 2001, respectively. If the Portfolio had not earned custodian fee credits, the annual net investment loss would have been (0.13)% and (0.16)%, respectively for the year ended December 31, 2002 and the year ended December 31, 2001.

Financial Highlights

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

SP Large Cap Value Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	

Per Share Operating Performance:

Net Asset Value, beginning of period \$ 9.44 \$10.44 \$10.00

Income From Investment Operations:

Net investment income 0.08 0.09 0.04

Net realized and unrealized gains (losses) on investments (1.62) (0.99) 0.44

Total from investment operations (1.54) (0.90) 0.48

Less Distributions:

Dividends from net investment income (0.09) (0.10) (0.04)

Distributions in excess of net investment income — — —(e)

Tax Return of Capital —(e) — —

Total distributions (0.09) (0.10) (0.04)

Net Asset Value, end of period \$ 7.81 \$ 9.44 \$10.44

Total Investment Return(b) (16.37)% (8.65)% 4.82%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 38.3 \$23.70 \$ 3.90

Ratios to average net assets:(d)

Expenses 0.90% 0.90% 0.90%(c)

Net investment income 1.22% 1.18% 1.60%(c)

Portfolio turnover rate 96% 61% 13%(f)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment income (loss) ratios would have been 1.31% and 0.81%, respectively, for the year ended December 31, 2002, 1.98% and 0.10%, respectively, for the year ended December 31, 2001 and 5.47% and (2.97)%, respectively, for the period ended December 31, 2000.

(e) Less than \$0.005 per share.

(f) Not annualized.

SP MFS Capital Opportunities Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	

Per Share Operating Performance:

Net Asset Value, beginning of period \$ 7.01 \$ 9.15 \$10.00

Income From Investment Operations:

Net investment income 0.01 —(f) 0.01

Net realized and unrealized losses on investments (2.02) (2.13) (0.85)

Total from investment operations (2.01) (2.13) (0.84)

Less Distributions:

Dividends from net investment income — (0.01) (0.01)

Net Asset Value, end of period \$ 5.00 \$ 7.01 \$ 9.15

Total Investment Return(b) (28.67)% (23.28)% (8.39)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 9.3 \$ 8.2 \$ 4.3

Ratios to average net assets:(d)

Expenses 1.00% 1.00% 1.00%(c)

Net investment income 0.16% —(g) 0.40%(c)

Portfolio turnover rate 143% 99% 25%(e)

(a) Commencement of operations.

(b) Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 2.28% and (1.12)%, respectively, for the year ended December 31, 2002, 3.04% and (2.04)%, respectively, for the year ended December 31, 2001 and 5.48% and (4.08)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Less than \$0.005 per share.

(g) Less than 0.005%

Financial Highlights

SP Mid Cap Growth Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 7.62	\$ 9.69	\$10.00
Income From Investment Operations:			
Net investment income (loss)	(0.02)	(0.01)	0.02
Net realized and unrealized losses on investments	(3.51)	(2.01)	(0.25)
Total from investment operations	(3.53)	(2.02)	(0.23)
Less Distributions:			
Dividends from net investment income	—	(0.01)	(0.02)
Distributions from net realized gains	—	(0.04)	(0.06)
Total distributions	—	(0.05)	(0.08)
Net Asset Value, end of period	\$ 4.09	\$ 7.62	\$ 9.69
Total Investment Return(b)	(46.33)%	(20.93)%	(2.26)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 18.3	\$ 15.9	\$ 5.6
Ratios to average net assets:(d)			
Expenses	1.00%	1.00%	1.00%(c)
Net investment income (loss)	(0.59)%	(0.20)%	1.16%(c)
Portfolio turnover rate	255%	93%	27%(e)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 1.68% and (1.27)%, respectively, for the year ended December 31, 2002, 2.11% and (1.31)%, respectively, for the year ended December 31, 2001 and 4.59% and (2.43)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

SP PIMCO High Yield Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 9.81	\$10.02	\$10.00
Income From Investment Operations:			
Net investment income	0.64	0.59	0.17
Net realized and unrealized gains (losses) on investments	(0.64)	(0.21)	0.02
Total from investment operations	—	0.38	0.19
Less Distributions:			
Dividends from net investment income	(0.64)	(0.59)	(0.16)
Distributions from net realized gains	—	—	(0.01)
Distributions in excess of net realized capital gains	—	—	—(d)
Total distributions	(0.64)	(0.59)	(0.17)
Net Asset Value, end of period	\$ 9.17	\$ 9.81	\$10.02
Total Investment Return(b)	0.15%	3.97%	1.94%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$112.2	\$ 52.0	\$ 8.0
Ratios to average net assets:			
Expenses	0.82%	0.82%(e)	0.82%(c)(e)
Net investment income	7.79%	7.44%(e)	7.78%(c)(e)
Portfolio turnover rate	108%	105%	88%(f)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Less than \$0.005 per share.

(e) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment income ratios would have been 1.08% and 7.18%, respectively, for the year ended December 31, 2001 and 3.42% and 5.18%, respectively, for the period ended December 31, 2000.

(f) Not annualized.

Financial Highlights

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

SP PIMCO Total Return Portfolio

	Year Ended December 31,		September 22, 2000(a)
	2002	2001	through December 31, 2000
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$10.70	\$10.40	\$10.00
Income From Investment Operations:			
Net investment income	0.28	0.32	0.13
Net realized and unrealized gains on investments	0.71	0.57	0.39
Total from investment operations	0.99	0.89	0.52
Less Distributions:			
Dividends from net investment income	(0.28)	(0.34)	(0.11)
Distributions from net realized gains	—(f)	(0.25)	(0.01)
Total distributions	(0.28)	(0.59)	(0.12)
Net Asset Value, end of period	\$11.41	\$10.70	\$10.40
Total Investment Return(b)	9.39%	8.66%	5.18%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$471.7	\$147.0	\$ 10.7
Ratios to average net assets:			
Expenses	0.67%	0.76%(d)	0.76%(c)(d)
Net investment income	3.02%	3.69%(d)	5.94%(c)(d)
Portfolio turnover rate	574%	718%	239%(e)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment income ratios would have been 0.82% and 3.63%, respectively, for the year ended December 31, 2001 and 2.73% and 3.97%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Less than \$0.005 per share.

SP Prudential U.S. Emerging Growth Portfolio Class I

	Year Ended December 31,		September 22, 2000(a)
	2002	2001	through December 31, 2000
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 6.89	\$ 8.38	\$ 10.00
Income From Investment Operations:			
Net investment income (loss)	(0.02)	(0.01)	0.01
Net realized and unrealized losses on investments	(2.19)	(1.48)	(1.62)
Total from investment operations	(2.21)	(1.49)	(1.61)
Less Dividends:			
Dividends from net investment income	—	—	(0.01)
Net Asset Value, end of period	\$ 4.68	\$ 6.89	\$ 8.38
Total Investment Return(b)	(32.08)%	(17.78)%	(16.11)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 51.0	\$ 31.2	\$ 6.4
Ratios to average net assets:(g)			
Expenses	0.90%(d)	0.90%(d)	0.90%(d)
Net investment income (loss)	(0.48)%(d)	(0.37)%(d)	0.49%(d)
Portfolio turnover rate	299%	258%	82%(e)

(a) Commencement of operations

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 0.98% and (0.56)%, respectively, for the year ended December 31, 2002, 1.41% and (0.88)% respectively, for the year ended December 31, 2001 and 4.26% and (2.87)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Commencement of offering of Class II shares.

(g) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 1.38% and (0.95)%, respectively, for the year ended December 31, 2002, 1.81% and (1.38)% respectively, for the period ended December 31, 2001.

Financial Highlights

SP Small/Mid Cap Value Portfolio

	Year Ended December 31,		September 22, 2000(a)
	2002	2001	through December 31, 2000
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 11.36	\$11.13	\$10.00
Income From Investment Operations:			
Net investment income	0.05	0.08	0.03
Net realized and unrealized gains (losses) on investments	(1.68)	0.26	1.10
Total from investment operations	(1.63)	0.34	1.13
Less Dividends:			
Dividends from net investment income	(0.05)	(0.11)	(b)
Net Asset Value, end of period	\$ 9.68	\$11.36	\$11.13
Total Investment Return(c)	(14.38)%	3.11%	11.33%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 99.2	\$ 47.4	\$ 6.1
Ratios to average net assets:(e)			
Expenses	1.05%	1.05%	1.05%(d)
Net investment income	0.69%	1.08%	1.79%(d)
Portfolio turnover rate	116%	89%	18%(f)

(a) Commencement of operations.

(b) Less than \$0.005 per share.

(c) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(d) Annualized.

(e) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment income (loss) ratios would have been 1.10% and 0.64%, respectively, for the year ended December 31, 2002, 1.56% and 0.57%, respectively, for the year ended December 31, 2001 and 4.84% and (2.00)%, respectively, for the period ended December 31, 2000.

(f) Not annualized.

SP Strategic Partners Focused Growth Portfolio

	Year Ended December 31,		September 22, 2000(a)
	2002	2001(g)	through December 31, 2000
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 6.73	\$ 7.94	\$ 10.00
Income From Investment Operations:			
Net investment income (loss)	(0.01)	(0.01)	—(f)
Net realized and unrealized losses on investments	(1.69)	(1.20)	(2.06)
Total from investment operations	(1.70)	(1.21)	(2.06)
Net Asset Value, end of period	\$ 5.03	\$ 6.73	\$ 7.94
Total Investment Return(b)	(25.26)%	(15.32)%	(20.47)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 10.8	\$ 7.7	\$ 5.9
Ratios to average net assets:(d)			
Expenses	1.01%	1.01%	1.01%(c)
Net investment income (loss)	(0.30)%	(0.16)%	0.18%(c)
Portfolio turnover rate	62%	116%	37%(e)

(a) Commencement of offering of Class I shares.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment advisor had not subsidized expenses, the annual expense and net investment loss ratios would have been 1.98% and (1.28)%, respectively, for year ended December 31, 2002, 2.61% and (1.76)% respectively, for the year ended December 31, 2001 and 3.88% and (2.69)% respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Less than \$0.005 per share

(g) Calculated based upon weighted average shares outstanding during the period.

Financial Highlights

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

SP Aggressive Growth Asset Allocation Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 7.58	\$ 9.33	\$10.00
Income From Investment Operations:			
Net investment income	—(e)	0.02	0.01
Net realized and unrealized losses on investments	(1.68)	(1.69)	(0.67)
Total from investment operations	(1.68)	(1.67)	(0.66)
Less Distributions:			
Dividends from net investment income	—	(0.02)	(0.01)
Distributions from net realized gains	—	(0.06)	—
Total distributions	—	(0.08)	(0.01)
Net Asset Value, end of period	\$ 5.90	\$ 7.58	\$ 9.33
Total Investment Return(b)	(22.16)%	(17.92)%	(6.65)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 15.1	\$ 7.5	\$ 2.1
Ratios to average net assets:			
Expenses	0.05%	0.05%	0.05%(c)
Net investment income	0.06%	0.39%	0.36%(c)
Portfolio turnover rate	26%	62%	6%(d)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Not annualized.

(e) Less than \$0.005 per share.

SP Balanced Asset Allocation Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 9.02	\$ 9.80	\$10.00
Income from Investment Operations:			
Net investment income	0.11	0.14	0.06
Net realized and unrealized losses on investments	(1.16)	(0.73)	(0.20)
Total from investment operations	(1.05)	(0.59)	(0.14)
Less Distributions:			
Dividends from net investment income	—	(0.14)	(0.06)
Distributions from net realized gains	(0.01)	(0.05)	—
Total distributions	(0.01)	(0.19)	(0.06)
Net asset value, end of period	\$ 7.96	\$ 9.02	\$ 9.80
Total Investment Return(b)	(11.67)%	(5.99)%	(1.42)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 147.3	\$ 66.1	\$ 3.7
Ratios to average net assets:			
Expenses	0.05%	0.05%	0.05%(c)
Net investment income	1.96%	3.26%	4.89%(c)
Portfolio turnover rate	22%	35%	4%(d)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Annualized.

(d) Not annualized.

Financial Highlights

SP Conservative Asset Allocation Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 9.77	\$10.00	\$10.00
Income From Investment Operations:			
Net investment income	0.16	0.21	0.08
Net realized and unrealized gains (losses) on investments	(0.73)	(0.24)	—(c)
Total from investment operations	(0.57)	(0.03)	0.08
Less Distributions:			
Dividends from net investment income	(0.03)	(0.16)	(0.08)*
Distributions from net realized gains	(0.01)	(0.04)	—(c)
Total distributions	(0.04)	(0.20)	(0.08)
Net Asset Value, end of period	\$ 9.16	\$ 9.77	\$10.00
Total Investment Return(b)	(5.88)%	(0.23)%	0.84%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$117.5	\$ 47.9	\$ 1.9
Ratios to average net assets:			
Expenses	0.05%	0.05%	0.05%(d)
Net investment income	2.79%*	4.76%	8.07%(d)
Portfolio turnover rate	25%	29%	4%(e)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for periods of less than one full year are not annualized.

(c) Less than \$0.005 per share.

(d) Annualized.

(e) Not annualized.

SP Growth Asset Allocation Portfolio

	Year Ended December 31,		September 22, 2000(a) through December 31, 2000
	2002	2001	
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$ 8.27	\$ 9.52	\$10.00
Income from Investment Operations:			
Net investment income	0.06	0.09	0.03
Net realized and unrealized losses on investments	(1.49)	(1.21)	(0.49)
Total from investment operations	(1.43)	(1.12)	(0.46)
Less Distributions:			
Dividends from net investment income	—	(0.08)	(0.02)
Distributions from net realized gains	—(e)	(0.05)	—
Total distributions	—	(0.13)	(0.02)
Net Asset Value, end of period	\$ 6.84	\$ 8.27	\$ 9.52
Total Investment Return(b)	(17.26)%	(11.77)%	(4.56)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 96.4	\$ 46.8	\$ 3.9
Ratios to average net assets:			
Expenses	0.05%	0.05%	0.05%(c)
Net investment income	1.12%	1.71%	2.95%(c)
Portfolio turnover rate	24%	43%	39%(d)

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns of less than a full year are not annualized.

(c) Annualized.

(d) Not annualized.

(e) Less than \$0.005 per share.

For more information

Additional information about the Fund and each Portfolio can be obtained upon request without charge and can be found in the following documents:

Statement of Additional Information (SAI)

(incorporated by reference into this prospectus)

Annual Report

(including a discussion of market conditions and strategies that significantly affected the Portfolios' performance during the previous year)

Semi-Annual Report

To obtain these documents or to ask any questions about the Fund:

Call toll-free **(800) 778-2255**

Write to The Prudential Series Fund, Inc., **Gateway Center Three, 100 Mulberry Street, Newark, NJ 07102**

You can also obtain copies of Fund documents from the Securities and Exchange Commission as follows:

By Mail:

Securities and Exchange Commission
Public Reference Section
Washington, DC 20549-0102

By Electronic Request:

publicinfo@sec.gov
(The SEC charges a fee to copy documents.)

In Person:

Public Reference Room
in Washington, DC
(For hours of operation, call 1-202-942-8090)

Via the Internet:

on the EDGAR Database at
<http://www.sec.gov>

SEC File No. 811-03623

Prudential  **Financial**

The Prudential Insurance Company of America
751 Broad Street
Newark, NJ 07102-3777

PRESORTED STANDARD U.S. POSTAGE PAID PERMIT 8048 NY, NY
--

Janus Aspen Series
Growth Portfolio
Service Shares

Prospectus

Contract described herein is no longer available for sale.



JANUS

PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

This prospectus describes Growth Portfolio (the "Portfolio"). Janus Capital Management LLC ("Janus Capital") serves as investment adviser to the Portfolio. The Portfolio currently offers two classes of shares. The Service Shares (the "Shares") are offered by this prospectus in connection with investment in and payments under variable annuity contracts and variable life insurance contracts (collectively, "variable insurance contracts"), as well as certain qualified retirement plans.

Janus Aspen Series sells and redeems its Shares at net asset value without sales charges, commissions or redemption fees. Each variable insurance contract involves fees and expenses that are not described in this prospectus. See the accompanying contract prospectus for information regarding contract fees and expenses and any restrictions on purchases or allocations.

This prospectus contains information that a prospective purchaser of a variable insurance contract or plan participant should consider in conjunction with the accompanying separate account prospectus of the specific insurance company product before allocating purchase payments or premiums to the Portfolio.

Contract described herein is no longer available for sale.

TABLE OF CONTENTS

Contract described herein is no longer available for sale.

RISK/RETURN SUMMARY	
Growth Portfolio	2
Fees and expenses	4
INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS	
Growth Portfolio	5
General portfolio policies	6
Risks	8
MANAGEMENT OF THE PORTFOLIO	
Investment adviser	10
Management expenses	10
Portfolio manager	10
OTHER INFORMATION	11
DISTRIBUTIONS AND TAXES	
Distributions	12
Taxes	12
SHAREHOLDER'S GUIDE	
Pricing of portfolio shares	13
Purchases	13
Redemptions	14
Excessive trading	14
Shareholder communications	14
FINANCIAL HIGHLIGHTS	15
GLOSSARY OF INVESTMENT TERMS	
Equity and debt securities	16
Futures, options and other derivatives	18
Other investments, strategies and/or techniques	19

RISK/RETURN SUMMARY

GROWTH PORTFOLIO

The Portfolio is designed for long-term investors who primarily seek growth of capital and who can tolerate the greater risks associated with common stock investments.

1. What is the investment objective of the Portfolio?

Growth Portfolio seeks long-term growth of capital in a manner consistent with the preservation of capital.

The Portfolio's Trustees may change this objective or the Portfolio's principal investment policies without a shareholder vote. The Portfolio will notify you at least 60 days before making any changes to its objective or principal investment policies. If there is a material change to the Portfolio's objective or principal investment policies, you should consider whether the Portfolio remains an appropriate investment for you. There is no guarantee that the Portfolio will meet its objective.

2. What are the main investment strategies of the Portfolio?

Within the parameters of its specific investment policies discussed below, the Portfolio may invest without limit in foreign equity and debt securities.

Within the parameters of its specific investment policies discussed below, the Portfolio will limit its investment in high-yield/high-risk bonds to less than 35% of its net assets.

The portfolio manager applies a "bottom up" approach in choosing investments. In other words, the portfolio manager looks at companies one at a time to determine if a company is an attractive investment opportunity and consistent with the Portfolio's investment policies. If the portfolio manager is unable to find such investments, a significant portion of the Portfolio's assets may be in cash or similar investments.

The Portfolio invests primarily in common stocks selected for their growth potential. Although the Portfolio can invest in companies of any size, it generally invests in larger, more established companies.

3. What are the main risks of investing in the Portfolio?

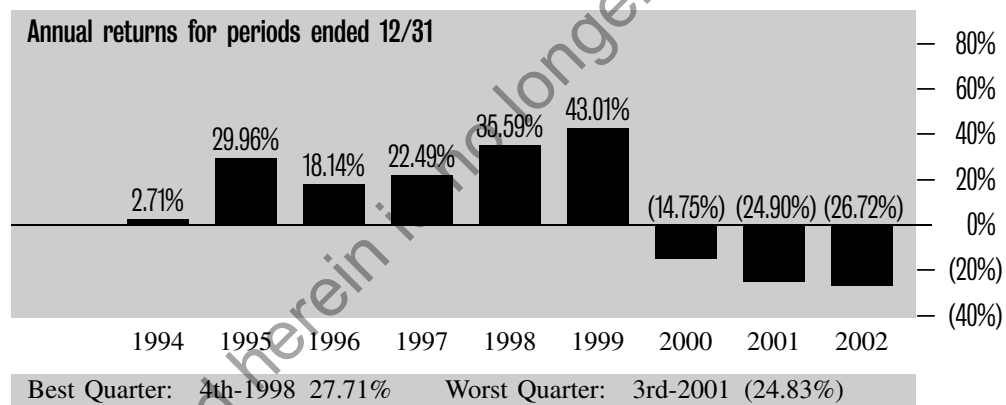
The biggest risk is that the Portfolio's returns may vary, and you could lose money. The Portfolio is designed for long-term investors who can accept the risks of investing in a portfolio with significant common stock holdings. Common stocks tend to be more volatile than other investment choices.

The value of the Portfolio's holdings may decrease if the value of an individual company in the Portfolio decreases. The value of the Portfolio's holdings could also decrease if the stock market goes down. If the value of the Portfolio's holdings decreases, the Portfolio's net asset value (NAV) will also decrease, which means if you sell your shares in the Portfolio you may get back less money.

An investment in the Portfolio is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

The following information provides some indication of the risks of investing in the Portfolio by showing how the Portfolio's performance has varied over time. The Portfolio's Service Shares commenced operations on December 31, 1999. The returns shown for the Service Shares of the Portfolio reflect the historical performance of a different class of shares (the Institutional Shares) prior to December 31, 1999, restated based on the Service Shares' estimated fees and expenses (ignoring any fee and expense limitations). The bar chart depicts the change in performance from year to year during the periods indicated but does not include charges and expenses attributable to any insurance product which would lower the performance illustrated. The Portfolio does not impose any sales or other charges that would affect total return computations. Total return figures include the effect of the Portfolio's expenses. The table compares the average annual returns for the Service Shares of the Portfolio for the periods indicated to broad-based securities market indices.

Growth Portfolio – Service Shares



Average annual total return for periods ended 12/31/02

	1 year	5 years	Since Inception (9/13/93)
Growth Portfolio – Service Shares	(26.72%)	(1.87%)	6.57%
S&P 500 Index*	(22.09%)	(0.58%)	9.17%
(reflects no deduction for fees or expenses)			
Russell 1000 Growth Index**	(27.88%)	(3.84%)	7.35%
(reflects no deduction for fees or expenses)			

* The S&P 500 is the Standard & Poor's Composite Index of 500 Stocks, a widely recognized, unmanaged index of common stock prices.

** The Russell 1000 Growth Index contains those securities in the Russell 1000 Index with a greater-than-average growth orientation. Companies in this index tend to exhibit higher price-to-book and price-earnings ratios, lower dividends yields and higher forecasted growth values.

The Portfolio's past performance does not necessarily indicate how it will perform in the future.

FEES AND EXPENSES

Shareholder fees, such as sales loads, redemption fees or exchange fees, are charged directly to an investor's account. The Janus funds are no-load investments, so you will generally not pay any shareholder fees when you buy or sell shares of the Portfolio. However, each variable insurance contract involves fees and expenses not described in this prospectus. See the accompanying contract prospectus for information regarding contract fees and expenses and any restrictions on purchases or allocations.

Annual fund operating expenses are paid out of the Portfolio's assets and include fees for portfolio management, maintenance of shareholder accounts, shareholder servicing, accounting and other services. You do not pay these fees directly but, as the example below shows, these costs are borne indirectly by all shareholders.

This table and example are designed to assist participants in qualified plans that invest in the Shares of the Portfolio in understanding the fees and expenses that you may pay as an investor in the Shares. **Owners of variable insurance contracts that invest in the Shares should refer to the variable insurance contract prospectus for a description of fees and expenses, as the table and example do not reflect deductions at the separate account level or contract level for any charges that may be incurred under a contract. Inclusion of these charges would increase the fees and expenses described below.**

	Management Fees	Distribution (12b-1) Fees ⁽¹⁾	Other Expenses	Total Annual Fund Operating Expenses ⁽²⁾	
Growth Portfolio	0.65%	0.25%	0.02%	0.92%	
(1) Long-term shareholders may pay more than the economic equivalent of the maximum front-end sales charges permitted by the National Association of Securities Dealers, Inc.					
(2) Expenses for the Portfolio are based upon expenses for the fiscal year ended December 31, 2002. All expenses are shown without the effect of any expense offset arrangements.					
EXAMPLE: This example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Portfolio's operating expenses remain the same. Since no sales load applies, the results apply whether or not you redeem your investment at the end of each period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:					
		<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Growth Portfolio		\$ 94	\$293	\$ 509	\$1,131

INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS

The Portfolio has a similar investment objective and similar principal investment strategies to Janus Fund. Although it is anticipated that the Portfolio and its corresponding retail fund will hold similar securities, differences in asset size, cash flow needs and other factors may result in differences in investment performance. The expenses of the Portfolio and its corresponding retail fund are expected to differ. The variable contract owner will also bear various insurance related costs at the insurance company level. You should review the accompanying separate account prospectus for a summary of fees and expenses.

This section takes a closer look at the investment objective of the Portfolio, its principal investment strategies and certain risks of investing in the Portfolio. Strategies and policies that are noted as “fundamental” cannot be changed without a shareholder vote.

Please carefully review the “Risks” section of this Prospectus for a discussion of risks associated with certain investment techniques. We’ve also included a Glossary with descriptions of investment terms used throughout this Prospectus.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

Growth Portfolio seeks long-term growth of capital in a manner consistent with the preservation of capital. It pursues its objective by investing primarily in common stocks selected for their growth potential. Although the Portfolio can invest in companies of any size, it generally invests in larger, more established companies.

The following questions and answers are designed to help you better understand the Portfolio’s principal investment strategies.

1. How are common stocks selected for the Portfolio?

Consistent with its investment objective and policies, the Portfolio may invest substantially all of its assets in common stocks if the portfolio manager believes that common stocks will appreciate in value. The portfolio manager generally takes a “bottom up” approach to selecting companies. This means that he seeks to identify individual companies with earnings growth potential that may not be recognized by the market at large. The portfolio manager makes this assessment by looking at companies one at a time, regardless of size, country of organization, place of principal business activity, or other similar selection criteria.

Realization of income is not a significant consideration when choosing investments for the Portfolio. Income realized on the Portfolio’s investments may be incidental to its objective.

2. Are the same criteria used to select foreign securities?

Generally, yes. The portfolio manager seeks companies that meet his selection criteria, regardless of where a company is located. Foreign securities are generally selected on a stock-by-stock basis without regard to any defined allocation among countries or geographic regions. However, certain factors such as expected levels of inflation, government policies influencing business conditions, the outlook for currency relationships, and prospects for economic growth among countries, regions or geographic areas may warrant greater consideration in selecting foreign securities. There are no limitations on the countries in which the Portfolio may invest and the Portfolio may at times have significant foreign exposure.

3. What does “market capitalization” mean?

Market capitalization is the most commonly used measure of the size and value of a company. It is computed by multiplying the current market price of a share of the company’s stock by the total number of its shares outstanding. The Portfolio does not emphasize companies of any particular size.

GENERAL PORTFOLIO POLICIES

In investing its portfolio assets, the Portfolio will follow the general policies listed below. The percentage limitations included in these policies and elsewhere in this Prospectus apply at the time of purchase of a security. So, for example, if the Portfolio exceeds a limit as a result of market fluctuations or the sale of other securities, it will not be required to dispose of any securities.

Cash Position

When the portfolio manager believes that market conditions are unfavorable for profitable investing, or when he is otherwise unable to locate attractive investment opportunities, the Portfolio's cash or similar investments may increase. In other words, the Portfolio does not always stay fully invested in stocks and bonds. Cash or similar investments generally are a residual – they represent the assets that remain after the portfolio manager has committed available assets to desirable investment opportunities. However, the portfolio manager may also temporarily increase the Portfolio's cash position to, for example, protect its assets, maintain liquidity or meet unusually large redemptions. The Portfolio's cash position may also increase temporarily due to unusually large cash inflows.

When the Portfolio's investments in cash or similar investments increase, it may not participate in market advances or declines to the same extent that it would if the Portfolio remained more fully invested in stocks or bonds.

Other Types of Investments

The Portfolio invests primarily in domestic and foreign equity securities, which may include preferred stocks, common stocks and securities convertible into common or preferred stocks. To a lesser degree, the Portfolio may invest in other types of domestic and foreign securities and use other investment strategies, which are described in the Glossary. These may include:

- debt securities
- indexed/structured securities
- high-yield/high-risk bonds (less than 35% of the Portfolio's assets)
- options, futures, forwards, swaps and other types of derivatives and exchange traded funds individually or in combination for hedging purposes (including to gain exposure to the stock market pending investment of cash balances or to meet liquidity needs) or for non-hedging purposes such as seeking to enhance return
- short sales (no more than 8% of the Portfolio's assets may be invested in "naked" short sales)
- securities purchased on a when-issued, delayed delivery or forward commitment basis

Illiquid Investments

The Portfolio may invest up to 15% of its net assets in illiquid investments. An illiquid investment is a security or other position that cannot be disposed of quickly in the normal course of business. For example, some securities are not registered under U.S. securities laws and cannot be sold to the U.S. public because of SEC regulations (these are known as "restricted securities"). Under procedures adopted by the Portfolio's Trustees, certain restricted securities may be deemed liquid, and will not be counted toward this 15% limit.

Foreign Securities

Within the parameters of its specific investment policies, the Portfolio may invest without limit in foreign equity and debt securities. The Portfolio may invest directly in foreign securities denominated in a foreign currency and not publicly traded in the United States. Other ways of investing in foreign securities include depositary receipts or shares and passive foreign investment companies.

Special Situations

The Portfolio may invest in special situations. A special situation arises when, in the opinion of the portfolio manager, the securities of a particular issuer will be recognized and appreciate in value due to a specific development with respect to that issuer. Special situations may include significant changes in a company's allocation of its existing capital, a restructuring of assets, or a redirection of free cash flow. Developments creating a special situation might include, among others, a new product or process, a technological breakthrough, a management change or other extraordinary corporate event, or differences in market supply of and demand for the security. The Portfolio's performance could suffer if the anticipated development in a "special situation" investment does not occur or does not attract the expected attention.

Portfolio Turnover

The Portfolio generally intends to purchase securities for long-term investment, although, to the extent permitted by its specific investment policies, the Portfolio may purchase securities in anticipation of relatively short-term price gains. Short-term transactions may also result from liquidity needs, securities having reached a price or yield objective, changes in interest rates or the credit standing of an issuer, or by reason of economic or other developments not foreseen at the time of the investment decision. The Portfolio may also sell one security and simultaneously purchase the same or a comparable security to take advantage of short-term differentials in bond yields or securities prices. Portfolio turnover is affected by market conditions, changes in the size of the Portfolio, the nature of the Portfolio's investments and the investment style of the portfolio manager. Changes are made in the Portfolio's holdings whenever the portfolio manager believes such changes are desirable. Portfolio turnover rates are generally not a factor in making buy and sell decisions.

Higher costs associated with increased portfolio turnover may offset gains in the Portfolio's performance. Increased portfolio turnover may result in higher costs for brokerage commissions, dealer mark-ups and other transaction costs. The Financial Highlights section of this Prospectus shows the Portfolio's historical turnover rates.

RISKS

Because the Portfolio may invest substantially all of its assets in common stocks, the main risk is the risk that the value of the stocks it holds might decrease in response to the activities of an individual company or in response to general market and/or economic conditions. If this occurs, the Portfolio's share price may also decrease. The Portfolio's performance may also be affected by risks specific to certain types of investments, such as foreign securities, derivative investments, non-investment grade bonds, initial public offerings (IPOs) or companies with relatively small market capitalizations. IPOs and other investment techniques may have a magnified performance impact on a Portfolio with a small asset base. The Portfolio may not experience similar performance as its assets grow.

The following questions and answers are designed to help you better understand some of the risks of investing in the Portfolio.

1. The Portfolio may invest in smaller or newer companies. Does this create any special risks?

Many attractive investment opportunities may be smaller, start-up companies offering emerging products or services. Smaller or newer companies may suffer more significant losses as well as realize more substantial growth than larger or more established issuers because they may lack depth of management, be unable to generate funds necessary for growth or potential development, or be developing or marketing new products or services for which markets are not yet established and may never become established. In addition, such companies may be insignificant factors in their industries and may become subject to intense competition from larger or more established companies. Securities of smaller or newer companies may have more limited trading markets than the markets for securities of larger or more established issuers, or may not be publicly traded at all, and may be subject to wide price fluctuations. Investments in such companies tend to be more volatile and somewhat more speculative.

2. How could the Portfolio's investments in foreign securities affect its performance?

Within the parameters of its specific investment policies, the Portfolio may invest without limit in foreign securities either indirectly (e.g., depositary receipts) or directly in foreign markets. Investments in foreign securities, including those of foreign governments, may involve greater risks than investing in domestic securities because the Portfolio's performance may depend on factors other than the performance of a particular company. These factors include:

- **Currency Risk.** As long as the Portfolio holds a foreign security, its value will be affected by the value of the local currency relative to the U.S. dollar. When the Portfolio sells a foreign denominated security, its value may be worth less in U.S. dollars even if the security increases in value in its home country. U.S. dollar denominated securities of foreign issuers may also be affected by currency risk.
- **Political and Economic Risk.** Foreign investments may be subject to heightened political and economic risks, particularly in emerging markets which may have relatively unstable governments, immature economic structures, national policies restricting investments by foreigners, different legal systems, and economies based on only a few industries. In some countries, there is the risk that the government may take over the assets or operations of a company or that the government may impose taxes or limits on the removal of the Portfolio's assets from that country.
- **Regulatory Risk.** There may be less government supervision of foreign markets. As a result, foreign issuers may not be subject to the uniform accounting, auditing and financial reporting standards and practices applicable to domestic issuers and there may be less publicly available information about foreign issuers.

- **Market Risk.** Foreign securities markets, particularly those of emerging market countries, may be less liquid and more volatile than domestic markets. Certain markets may require payment for securities before delivery and delays may be encountered in settling securities transactions. In some foreign markets, there may not be protection against failure by other parties to complete transactions.
- **Transaction Costs.** Costs of buying, selling and holding foreign securities, including brokerage, tax and custody costs, may be higher than those involved in domestic transactions.

3. Are there special risks associated with investments in high-yield/high-risk bonds?

High-yield/high-risk bonds (or “junk” bonds) are bonds rated below investment grade by the primary rating agencies such as Standard & Poor’s and Moody’s. The value of lower quality bonds generally is more dependent on credit risk and default risk than investment grade bonds. Issuers of high-yield bonds may not be as strong financially as those issuing bonds with higher credit ratings and are more vulnerable to real or perceived economic changes, political changes or adverse developments specific to the issuer. In addition, the junk bond market can experience sudden and sharp price swings.

Please refer to the “Explanation of Rating Categories” section of the Statement of Additional Information for a description of bond rating categories.

4. How does the Portfolio try to reduce risk?

The Portfolio may use futures, options, swaps and other derivative instruments to “hedge” or protect its portfolio from adverse movements in securities prices and interest rates. The Portfolio may also use a variety of currency hedging techniques, including forward currency contracts, to manage exchange rate risk. The portfolio manager believes the use of these instruments will benefit the Portfolio. However, the Portfolio’s performance could be worse than if the Portfolio had not used such instruments if the portfolio manager’s judgment proves incorrect.

5. What is “industry risk”?

Industry risk is the possibility that a group of related stocks will decline in price due to industry-specific developments. Companies in the same or similar industries may share common characteristics and are more likely to react similarly to industry-specific market or economic developments. The Portfolio may at times have significant exposure to industry risk as a result of investing in multiple companies in a particular industry.

MANAGEMENT OF THE PORTFOLIO

INVESTMENT ADVISER

Janus Capital, 100 Fillmore Street, Denver, Colorado 80206-4928, is the investment adviser to the Portfolio and is responsible for the day-to-day management of the investment portfolio and other business affairs of the Portfolio.

Janus Capital (together with its predecessors) has served as investment adviser to Janus Fund since 1970 and currently serves as investment adviser to all of the Janus retail funds, acts as sub-adviser for a number of private-label mutual funds and provides separate account advisory services for institutional accounts.

Janus Capital furnishes continuous advice and recommendations concerning the Portfolio's investments. Janus Capital also furnishes certain administrative, compliance and accounting services for the Portfolio, and may be reimbursed by the Portfolio for its costs in providing those services. In addition, Janus Capital employees serve as officers of the Trust and Janus Capital provides office space for the Portfolio and pays the salaries, fees and expenses of all Portfolio officers and those Trustees who are affiliated with Janus Capital.

Participating insurance companies that purchase the Portfolio's Shares may perform certain administrative services relating to the Portfolio and Janus Capital or the Portfolio may pay those companies for such services.

MANAGEMENT EXPENSES

The Portfolio pays Janus Capital a management fee which is calculated daily and paid monthly. The Portfolio's advisory agreement spells out the management fee and other expenses that the Portfolio must pay.

The Shares of the Portfolio incur expenses not assumed by Janus Capital, including the distribution fee, transfer agent and custodian fees and expenses, legal and auditing fees, printing and mailing costs of sending reports and other information to existing shareholders, and independent Trustees' fees and expenses. The Portfolio is subject to the following management fee schedule (expressed as an annual rate).

<i>Portfolio</i>	<i>Average Daily Net Assets of Portfolio</i>	<i>Annual Rate Percentage (%)</i>
Growth Portfolio	All Asset Levels	0.65

For the fiscal year ended December 31, 2002, the Portfolio paid Janus Capital a management fee of 0.65% based on the Portfolio's average net assets.

PORTFOLIO MANAGER

Blaine P. Rollins

is Executive Vice President and Portfolio Manager of Growth Portfolio, which he has managed since January 2000. He previously served as Executive Vice President and Portfolio Manager of Equity Income Portfolio from its inception to December 1999 and Balanced Portfolio from May 1996 to December 1999. Mr. Rollins is also Portfolio Manager of other Janus accounts. Mr. Rollins joined Janus Capital in 1990. He holds a Bachelor of Science degree in Finance from the University of Colorado. Mr. Rollins has earned the right to use the Chartered Financial Analyst designation.

OTHER INFORMATION

Classes of Shares

The Portfolio currently offers two classes of shares, one of which, the Service Shares, is offered pursuant to this prospectus. The Shares offered by this prospectus are available only in connection with investments in and payments under variable insurance contracts as well as certain qualified retirement plans that require a fee from Portfolio assets to procure distribution and administrative services to contract owners and plan participants. Institutional Shares of the Portfolio are offered only in connection with investment in and payments under variable insurance contracts as well as certain qualified retirement plans. Because the expenses of each class may differ, the performance of each class is expected to differ. If you would like additional information about the Institutional Shares, please call 1-800-525-0020.

Distribution Fee

Under a distribution and service plan adopted in accordance with Rule 12b-1 under the 1940 Act, the Shares may pay Janus Distributors LLC, the Trust's distributor, a fee at an annual rate of up to 0.25% of the average daily net assets of the Shares of the Portfolio. Under the terms of the Plan, the Trust is authorized to make payments to Janus Distributors LLC for remittance to insurance companies and qualified plan service providers as compensation for distribution and shareholder servicing performed by such entities. Because 12b-1 fees are paid out of the Service Shares' assets on an ongoing basis, they will increase the cost of your investment and may cost you more than paying other types of sales charges.

Conflicts of Interest

The Shares offered by this prospectus are available only to variable annuity and variable life separate accounts of insurance companies that are unaffiliated with Janus Capital and to certain qualified retirement plans. Although the Portfolio does not currently anticipate any disadvantages to policy owners because the Portfolio offers its Shares to such entities, there is a possibility that a material conflict may arise. The Trustees monitor events in order to identify any disadvantages or material irreconcilable conflicts and to determine what action, if any, should be taken in response. If a material disadvantage or conflict occurs, the Trustees may require one or more insurance company separate accounts or qualified plans to withdraw its investments in the Portfolio or substitute Shares of another Portfolio. If this occurs, the Portfolio may be forced to sell its securities at disadvantageous prices. In addition, the Trustees may refuse to sell Shares of the Portfolio to any separate account or qualified plan or may suspend or terminate the offering of the Portfolio's Shares if such action is required by law or regulatory authority or is in the best interests of the Portfolio's shareholders. It is possible that a qualified plan investing in the Portfolio could lose its qualified plan status under the Internal Revenue Code, which could have adverse tax consequences on insurance company separate accounts investing in the Portfolio. Janus Capital intends to monitor such qualified plans and the Portfolio may discontinue sales to a qualified plan and require plan participants with existing investments in the Portfolio to redeem those investments if a plan loses (or in the opinion of Janus Capital is at risk of losing) its qualified plan status.

Distribution of the Portfolio

The Portfolio is distributed by Janus Distributors LLC, which is a member of the National Association of Securities Dealers, Inc. ("NASD"). To obtain information about NASD member firms and their associated persons, you may contact NASD Regulation, Inc. at www.nasdr.com, or the Public Disclosure Hotline at 800-289-9999. An investor brochure containing information describing the Public Disclosure Program is available from NASD Regulation, Inc.

DISTRIBUTIONS AND TAXES

DISTRIBUTIONS

To avoid taxation of the Portfolio, the Internal Revenue Code requires the Portfolio to distribute net income and any net gains realized on its investments at least annually. The Portfolio's income from dividends and interest and any net realized short-term gains are paid to shareholders as ordinary income dividends. Net realized long-term gains are paid to shareholders as capital gains distributions.

Distribution Schedule

Dividends for the Portfolio are normally declared and distributed in June and December. Capital gains are normally declared and distributed in June for the Portfolio.

How Distributions Affect the Portfolio's NAV

Distributions are paid to shareholders as of the record date of the distribution of the Portfolio, regardless of how long the shares have been held. Undistributed income and realized gains are included in the daily NAV of the Portfolio's Shares. The Share price of the Portfolio drops by the amount of the distribution, net of any subsequent market fluctuations. For example, assume that on December 31, the Shares of the Portfolio declared a dividend in the amount of \$0.25 per share. If the price of the Portfolio's Shares was \$10.00 on December 30, the share price on December 31 would be \$9.75, barring market fluctuations.

TAXES

Taxes on Distributions

Because Shares of the Portfolio may be purchased only through variable insurance contracts and qualified plans, it is anticipated that any income dividends or capital gains distributions made by the Shares of the Portfolio will be exempt from current taxation if left to accumulate within the variable insurance contract or qualified plan. Generally, withdrawals from such contracts or plans may be subject to ordinary income tax and, if made before age 59½, a 10% penalty tax. The tax status of your investment depends on the features of your qualified plan or variable insurance contract. Further information may be found in your plan documents or in the prospectus of the separate account offering such contract.

Taxation of the Portfolio

Dividends, interest and some gains received by the Portfolio on foreign securities may be subject to tax withholding or other foreign taxes. The Portfolio may from year to year make the election permitted under Section 853 of the Internal Revenue Code to pass through such taxes to shareholders as a foreign tax credit. If such an election is not made, any foreign taxes paid or accrued will represent an expense to the Portfolio.

The Portfolio does not expect to pay any federal income taxes because it intends to meet certain requirements of the Internal Revenue Code. In addition, because the Shares of the Portfolio are sold in connection with variable insurance contracts, the Portfolio intends to qualify under the Internal Revenue Code with respect to the diversification requirements related to the tax-deferred status of insurance company separate accounts.

INVESTORS MAY NOT PURCHASE OR REDEEM SHARES OF THE PORTFOLIO DIRECTLY. SHARES MAY BE PURCHASED OR REDEEMED ONLY THROUGH VARIABLE INSURANCE CONTRACTS OFFERED BY THE SEPARATE ACCOUNTS OF PARTICIPATING INSURANCE COMPANIES OR THROUGH QUALIFIED RETIREMENT PLANS. **REFER TO THE PROSPECTUS FOR THE PARTICIPATING INSURANCE COMPANY'S SEPARATE ACCOUNT OR YOUR PLAN DOCUMENTS FOR INSTRUCTIONS ON PURCHASING OR SELLING OF VARIABLE INSURANCE CONTRACTS AND ON HOW TO SELECT THE PORTFOLIO AS AN INVESTMENT OPTION FOR A CONTRACT OR A QUALIFIED PLAN.**

PRICING OF PORTFOLIO SHARES

Investments will be processed at the NAV next calculated after an order is received and accepted by the Portfolio or its agent. In order to receive a day's price, your order must be received by the close of the regular trading session of the New York Stock Exchange. Securities of the Portfolio are valued at market value or, if a market quotation is not readily available, or if events or circumstances that may affect the value of portfolio securities are identified between the closing of their principal markets and the time the NAV is determined, at their fair value determined in good faith under procedures established by and under the supervision of the Trustees. Short-term instruments maturing within 60 days are valued at amortized cost, which approximates market value.

Because foreign securities markets may operate on days that are not business days in the United States, the value of the Portfolio's holdings may change on days when you will not be able to purchase or redeem the Portfolio's Shares to the extent the Portfolio is invested in such markets.

PURCHASES

Purchases of Shares may be made only by the separate accounts of insurance companies for the purpose of funding variable insurance contracts or by qualified plans. Refer to the prospectus of the appropriate insurance company separate account or your plan documents for information on how to invest in the Shares of the Portfolio. Participating insurance companies and certain other designated organizations are authorized to receive purchase orders on the Portfolio's behalf.

The Portfolio is not intended for excessive trading or market timing. Excessive purchases of Portfolio Shares disrupt portfolio management and drive Portfolio expenses higher. The Portfolio reserves the right to reject any specific purchase order, including exchange purchases, for any reason. For example, purchase orders may be refused if the Portfolio would be unable to invest the money effectively in accordance with its investment policies or would otherwise be adversely affected due to the size of the transaction, frequency of trading or other factors. The Portfolio may also suspend or terminate your exchange privilege if you engage in an excessive pattern of exchanges. For more information about the Portfolio's policy on market timing, see "Excessive Trading" on the next page.

Although there is no present intention to do so, the Portfolio may discontinue sales of its Shares if management and the Trustees believe that continued sales may adversely affect the Portfolio's ability to achieve its investment objective. If sales of the Portfolio's Shares are discontinued, it is expected that existing policy owners and plan participants invested in the Portfolio would be permitted to continue to authorize investment in the Portfolio and to reinvest any dividends or capital gains distributions, absent highly unusual circumstances.

The Portfolio may discontinue sales to a qualified plan and require plan participants with existing investments in the Shares to redeem those investments if the plan loses (or in the opinion of Janus Capital, is at risk of losing) its qualified plan status.

REDEMPTIONS

Redemptions, like purchases, may be effected only through the separate accounts of participating insurance companies or through qualified plans. Please refer to the appropriate separate account prospectus or plan documents for details.

Shares of the Portfolio may be redeemed on any business day. Redemptions are processed at the NAV next calculated after receipt and acceptance of the redemption order by the Portfolio or its agent. Redemption proceeds will normally be wired the business day following receipt of the redemption order, but in no event later than seven days after receipt of such order.

EXCESSIVE TRADING

Frequent trading into and out of the Portfolio can disrupt portfolio investment strategies and increase portfolio expenses for all shareholders, including long-term shareholders who do not generate these costs. The Portfolio is not intended for market timing or excessive trading. The Portfolio and its agents reserve the right to reject any purchase request (including exchange purchases if permitted by your insurance company or plan sponsor) by any investor or group of investors indefinitely if they believe that any combination of trading activity in the account(s) is attributable to market timing or is otherwise excessive or potentially disruptive to the Portfolio. The Portfolio may refuse purchase orders (including exchange purchases) for any reason without prior notice, particularly orders that the Portfolio believes are made on behalf of market timers.

The trading history of accounts under common ownership or control may be considered in enforcing these policies. Transactions placed through the same insurance company or plan sponsor on an omnibus basis may be deemed part of a group for the purpose of this policy and may be rejected in whole or in part by the Portfolio. Transactions accepted by an insurance company or plan sponsor in violation of our excessive trading policy are not deemed accepted by the Portfolio and may be cancelled or revoked by the Portfolio on the next business day following receipt from the insurance company or plan sponsor.

SHAREHOLDER COMMUNICATIONS

Shareholders will receive annual and semiannual reports including the financial statements of the Shares of the Portfolio that they have authorized for investment. Each report will show the investments owned by the Portfolio and the market values thereof, as well as other information about the Portfolio and its operations. The Trust's fiscal year ends December 31.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Service Shares' financial performance from inception of the Shares through December 31st of each period shown. Items 1 through "Net asset value, end of period" reflect financial results for a single Share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Service Shares of the Portfolio (assuming reinvestment of all dividends and distributions) but do not include charges and expenses attributable to any insurance product. This information has been audited by PricewaterhouseCoopers LLP, whose report, along with the Portfolio's financial statements, is included in the Annual Report, which is available upon request and incorporated by reference into the SAI.

Growth Portfolio – Service Shares

	Years ended December 31		
	2002	2001	2000
1. Net asset value, beginning of period	\$19.76	\$26.36	\$33.52
<i>Income from investment operations:</i>			
2. Net investment income	(0.04)	(0.02)	(0.01)
3. Net gains or losses on securities (both realized and unrealized)	(5.24)	(6.54)	(4.58)
4. Total from investment operations	(5.28)	(6.56)	(4.59)
<i>Less distributions:*</i>			
5. Dividends (from net investment income)	—	—	—
6. Distributions (from capital gains)	—	(0.04)	(2.57)
7. Total distributions	—	(0.04)	(2.57)
8. Net asset value, end of period	\$14.48	\$19.76	\$26.36
9. Total return	(26.72%)	(24.90%)	(14.75%)
10. Net assets, end of period (in thousands)	\$177,327	\$237,012	\$104,656
11. Average net assets for the period (in thousands)	\$219,594	\$106,200	\$29,782
12. Ratio of gross expenses to average net assets ⁽¹⁾	0.92%	0.91%	0.92%
13. Ratio of net expenses to average net assets ⁽²⁾	0.92%	0.91%	0.92%
14. Ratio of net investment income to average net assets	(0.33%)	(0.20%)	(0.07%)
15. Portfolio turnover rate	36%	48%	47%

* As a result of changes in the accounting standards applicable to the Portfolio's financial statements, the Portfolios are no longer required to show certain distribution information as a separate line item. The Portfolio's current and prior year Financial Highlights reflect this change.

(1) The expense ratio reflects expenses prior to any expense offset arrangements.

(2) The expense ratio reflects expenses after any expense offset arrangements.

GLOSSARY OF INVESTMENT TERMS

This glossary provides a more detailed description of some of the types of securities, investment strategies and other instruments in which the Portfolio may invest. The Portfolio may invest in these instruments to the extent permitted by its investment objective and policies. The Portfolio is not limited by this discussion and may invest in any other types of instruments not precluded by the policies discussed elsewhere in this Prospectus.

I. EQUITY AND DEBT SECURITIES

Bonds are debt securities issued by a company, municipality, government or government agency. The issuer of a bond is required to pay the holder the amount of the loan (or par value of the bond) at a specified maturity and to make scheduled interest payments.

Commercial paper is a short-term debt obligation with a maturity ranging from 1 to 270 days issued by banks, corporations and other borrowers to investors seeking to invest idle cash. The Portfolio may purchase commercial paper issued in private placements under Section 4(2) of the Securities Act of 1933.

Common stocks are equity securities representing shares of ownership in a company and usually carry voting rights and earn dividends. Unlike preferred stock, dividends on common stock are not fixed but are declared at the discretion of the issuer's board of directors.

Convertible securities are preferred stocks or bonds that pay a fixed dividend or interest payment and are convertible into common stock at a specified price or conversion ratio.

Debt securities are securities representing money borrowed that must be repaid at a later date. Such securities have specific maturities and usually a specific rate of interest or an original purchase discount.

Depositary receipts are receipts for shares of a foreign-based corporation that entitle the holder to dividends and capital gains on the underlying security. Receipts include those issued by domestic banks (American Depositary Receipts), foreign banks (Global or European Depositary Receipts) and broker-dealers (depository shares).

Equity securities generally include domestic and foreign common stocks; preferred stocks; securities convertible into common stocks or preferred stocks; warrants to purchase common or preferred stocks; and other securities with equity characteristics.

Exchange traded funds are index-based investment companies which hold substantially all of their assets in securities with equity characteristics. As a shareholder of another investment company, the Portfolio would bear its pro rata portion of the other investment company's expenses, including advisory fees, in addition to the expenses the Portfolio bears directly in connection with its own operations.

Fixed-income securities are securities that pay a specified rate of return. The term generally includes short- and long-term government, corporate and municipal obligations that pay a specified rate of interest, dividends or coupons for a specified period of time. Coupon and dividend rates may be fixed for the life of the issue or, in the case of adjustable and floating rate securities, for a shorter period.

High-yield/High-risk bonds are bonds that are rated below investment grade by the primary rating agencies (e.g., BB or lower by Standard & Poor's and Ba or lower by Moody's). Other terms commonly used to describe such bonds include "lower rated bonds," "noninvestment grade bonds" and "junk bonds."

Mortgage- and asset-backed securities are shares in a pool of mortgages or other debt. These securities are generally pass-through securities, which means that principal and interest payments on the underlying securities (less servicing fees) are passed through to shareholders on a pro rata basis. These securities involve prepayment risk, which is the risk that the underlying mortgages or other debt may be refinanced

or paid off prior to their maturities during periods of declining interest rates. In that case, the portfolio manager may have to reinvest the proceeds from the securities at a lower rate. Potential market gains on a security subject to prepayment risk may be more limited than potential market gains on a comparable security that is not subject to prepayment risk.

Pass-through securities are shares or certificates of interest in a pool of debt obligations that have been repackaged by an intermediary, such as a bank or broker-dealer.

Passive foreign investment companies (PFICs) are any foreign corporations which generate certain amounts of passive income or hold certain amounts of assets for the production of passive income. Passive income includes dividends, interest, royalties, rents and annuities. To avoid taxes and interest that the Portfolio must pay if these investments are profitable, the Portfolio may make various elections permitted by the tax laws. These elections could require that the Portfolio recognize taxable income, which in turn must be distributed, before the securities are sold and before cash is received to pay the distributions.

Pay-in-kind bonds are debt securities that normally give the issuer an option to pay cash at a coupon payment date or give the holder of the security a similar bond with the same coupon rate and a face value equal to the amount of the coupon payment that would have been made.

Preferred stocks are equity securities that generally pay dividends at a specified rate and have preference over common stock in the payment of dividends and liquidation. Preferred stock generally does not carry voting rights.

Rule 144A securities are securities that are not registered for sale to the general public under the Securities Act of 1933, but that may be resold to certain institutional investors.

Standby commitments are obligations purchased by the Portfolio from a dealer that give the Portfolio the option to sell a security to the dealer at a specified price.

Step coupon bonds are debt securities that trade at a discount from their face value and pay coupon interest. The discount from the face value depends on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security and the perceived credit quality of the issuer.

Strip bonds are debt securities that are stripped of their interest (usually by a financial intermediary) after the securities are issued. The market value of these securities generally fluctuates more in response to changes in interest rates than interest-paying securities of comparable maturity.

Tender option bonds are generally long-term securities that are coupled with an option to tender the securities to a bank, broker-dealer or other financial institution at periodic intervals and receive the face value of the bond. This type of security is commonly used as a means of enhancing the security's liquidity.

U.S. government securities include direct obligations of the U.S. government that are supported by its full faith and credit. Treasury bills have initial maturities of less than one year, Treasury notes have initial maturities of one to ten years and Treasury bonds may be issued with any maturity but generally have maturities of at least ten years. U.S. government securities also include indirect obligations of the U.S. government that are issued by federal agencies and government sponsored entities. Unlike Treasury securities, agency securities generally are not backed by the full faith and credit of the U.S. government. Some agency securities are supported by the right of the issuer to borrow from the Treasury, others are supported by the discretionary authority of the U.S. government to purchase the agency's obligations and others are supported only by the credit of the sponsoring agency.

Variable and floating rate securities have variable or floating rates of interest and, under certain limited circumstances, may have varying principal amounts. Variable and floating rate securities pay interest at rates that are adjusted periodically according to a specified formula, usually with reference to some interest rate index or market interest rate (the “underlying index”). The floating rate tends to decrease the security’s price sensitivity to changes in interest rates.

Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to buy a proportionate amount of common stock at a specified price. The specified price is usually higher than the market price at the time of issuance of the warrant. The right may last for a period of years or indefinitely.

Zero coupon bonds are debt securities that do not pay regular interest at regular intervals, but are issued at a discount from face value. The discount approximates the total amount of interest the security will accrue from the date of issuance to maturity. The market value of these securities generally fluctuates more in response to changes in interest rates than interest-paying securities.

II. FUTURES, OPTIONS AND OTHER DERIVATIVES

Forward contracts are contracts to purchase or sell a specified amount of a financial instrument for an agreed upon price at a specified time. Forward contracts are not currently exchange traded and are typically negotiated on an individual basis. The Portfolio may enter into forward currency contracts to hedge against declines in the value of securities denominated in, or whose value is tied to, a currency other than the U.S. dollar or to reduce the impact of currency appreciation on purchases of such securities. It may also enter into forward contracts to purchase or sell securities or other financial indices.

Futures contracts are contracts that obligate the buyer to receive and the seller to deliver an instrument or money at a specified price on a specified date. The Portfolio may buy and sell futures contracts on foreign currencies, securities and financial indices including indices of U.S. government, foreign government, equity or fixed-income securities. The Portfolio may also buy options on futures contracts. An option on a futures contract gives the buyer the right, but not the obligation, to buy or sell a futures contract at a specified price on or before a specified date. Futures contracts and options on futures are standardized and traded on designated exchanges.

Indexed/structured securities are typically short- to intermediate-term debt securities whose value at maturity or interest rate is linked to currencies, interest rates, equity securities, indices, commodity prices or other financial indicators. Such securities may be positively or negatively indexed (i.e., their value may increase or decrease if the reference index or instrument appreciates). Indexed/structured securities may have return characteristics similar to direct investments in the underlying instruments and may be more volatile than the underlying instruments. The Portfolio bears the market risk of an investment in the underlying instruments, as well as the credit risk of the issuer.

Interest rate swaps involve the exchange by two parties of their respective commitments to pay or receive interest (e.g., an exchange of floating rate payments for fixed rate payments).

Inverse floaters are debt instruments whose interest rate bears an inverse relationship to the interest rate on another instrument or index. For example, upon reset the interest rate payable on a security may go down when the underlying index has risen. Certain inverse floaters may have an interest rate reset mechanism that multiplies the effects of change in the underlying index. Such mechanism may increase the volatility of the security’s market value.

Options are the right, but not the obligation, to buy or sell a specified amount of securities or other assets on or before a fixed date at a predetermined price. The Portfolio may purchase and write put and call options on securities, securities indices and foreign currencies. The Portfolio may purchase or write such options individually or in combination.

III. OTHER INVESTMENTS, STRATEGIES AND/OR TECHNIQUES

Repurchase agreements involve the purchase of a security by the Portfolio and a simultaneous agreement by the seller (generally a bank or dealer) to repurchase the security from the Portfolio at a specified date or upon demand. This technique offers a method of earning income on idle cash. These securities involve the risk that the seller will fail to repurchase the security, as agreed. In that case, the Portfolio will bear the risk of market value fluctuations until the security can be sold and may encounter delays and incur costs in liquidating the security.

Reverse repurchase agreements involve the sale of a security by the Portfolio to another party (generally a bank or dealer) in return for cash and an agreement by the Portfolio to buy the security back at a specified price and time. This technique will be used primarily to provide cash to satisfy unusually high redemption requests, or for other temporary or emergency purposes.

Short sales in which the Portfolio may engage may be of two types, short sales "against the box" or "naked" short sales. Short sales against the box involve selling either a security that the Portfolio owns, or a security equivalent in kind or amount to the security sold short that the Portfolio has the right to obtain, for delivery at a specified date in the future. Naked short sales involve selling a security that the Portfolio borrows and does not own. The Portfolio may enter into a short sale to hedge against anticipated declines in the market price of a security or to reduce portfolio volatility. If the value of a security sold short increases prior to the scheduled delivery date, the Portfolio loses the opportunity to participate in the gain. For naked short sales, the Portfolio will incur a loss if the value of a security increases during this period because it will be paying more for the security than it has received from the purchaser in the short sale and if the price declines during this period, the Portfolio will realize a short-term capital gain. Although the Portfolio's potential for gain as a result of a short sale is limited to the price at which it sold the security short less the cost of borrowing the security, its potential for loss is theoretically unlimited because there is no limit to the cost of replacing the borrowed security.

When-issued, delayed delivery and forward commitment transactions generally involve the purchase of a security with payment and delivery at some time in the future – i.e., beyond normal settlement. The Portfolio does not earn interest on such securities until settlement and bear the risk of market value fluctuations in between the purchase and settlement dates. New issues of stocks and bonds, private placements and U.S. government securities may be sold in this manner.

You can request other information, including a Statement of Additional Information, Annual Report or Semiannual Report, free of charge, by contacting your insurance company or plan sponsor or visiting our Web site at janus.com. In the Portfolio's Annual and Semiannual Reports, you will find a discussion of the market conditions and investment strategies that significantly affected the Portfolio's performance during its last fiscal year. Other information is also available from financial intermediaries that sell Shares of the Portfolio.

The Statement of Additional Information provides detailed information about the Portfolio and is incorporated into this Prospectus by reference. You may review and copy information about the Portfolio (including the Portfolio's Statement of Additional Information) at the Public Reference Room of the SEC or get text only copies, after paying a duplicating fee, by sending an electronic request by e-mail to publicinfo@sec.gov or by writing to or calling the Public Reference Room, Washington, D.C. 20549-0102 (1-202-942-8090). You may also obtain reports and other information about the Portfolio from the Electronic Data Gathering Analysis and Retrieval (EDGAR) Database on the SEC's Web site at <http://www.sec.gov>.

**JANUS****www.janus.com**

100 Fillmore Street
Denver, CO 80206-4928
1-800-525-0020

Contract described herein is no longer available for sale.

Contract described herein is no longer available for sale.

Contract described herein is no longer available for sale.