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.
Please read this prospectus before purchasing a Qualified Variable Investment Plan contract, and keep it for future reference.

Prudential offers several different annuities which your representative may be authorized to offer to you. Each annuity has different features and benefits that may be appropriate for you based on your financial situation, your age and how you intend to use the annuity. The different features and benefits include variations in death benefit protection and the ability to access your annuity’s contract value. The fees and charges under the annuity contract and the compensation paid to your representative may also be different among each annuity. If you are purchasing the contract as a replacement for existing variable annuity or variable life coverage, you should consider, among other things, any surrender or penalty charges you may incur when replacing your existing coverage.

The current prospectus for the underlying mutual funds contains important information about the investment options. When you invest in a variable investment option that is funded by a mutual fund, you should read the prospectus and keep it for future reference.

To learn more about the Qualified Variable Investment Plan, you can request a copy of the Statement of Additional Information (SAI) dated May 2, 2005. The SAI has been filed with the Securities and Exchange Commission (SEC) and is legally a part of this prospectus. Prudential also files other reports with the SEC. All of these filings can be reviewed and copied at the SEC’s Public Reference Room, 450 5th Street N.W., Washington, D.C. 20549-0102. (See SEC file number 2-81318.) You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 942-8090. The SEC also maintains a Web site (http://www.sec.gov) that contains the Qualified Variable Investment Plan SAI, material incorporated by reference, and other information regarding registrants that file electronically with the SEC. The Table of Contents of the SAI is set forth in Section 9 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 19176.

The Qualified Variable Investment Plan contract provides a bonus credit for purchase payments made during the first three contract years. Certain charges under the Qualified Variable Investment Plan are higher than those under variable annuities that do not offer a bonus. If you withdraw a purchase payment within eight contract anniversaries after you made the payment, you will forfeit the associated bonus, but you will have been subject to those higher charges.

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 is subject to risk, including the possible loss of your money. An investment in the Qualified Variable Investment Plan is not a bank deposit and is not insured by the Federal Deposit Insurance Corporation or any other government agency.

Qualified Variable Investment Plan is a registered mark of Prudential.
Qualified Variable Investment Plan Variable Annuity

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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.

<table>
<thead>
<tr>
<th>Accumulation Phase</th>
<th>Cash Value. The total value of your contract minus any applicable charges or fees.</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Co-Annuittant. The person shown on the contract data pages who becomes the annuitant (if eligible) upon the death of the annuitant if the contract’s requirements for changing the annuity date are met. No co-annuitant may be designated if the owner is a non-natural person.</td>
</tr>
<tr>
<td><strong>Annuitant.</strong> The person whose life determines how long the contract lasts and 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 eligible co-annuitant, and the owner is not the annuitant, the owner becomes the annuitant.</td>
<td>Contract Date. The date we accept your initial purchase payment and all necessary paperwork in good order in the Prudential Annuity Service Center. Contract anniversaries are measured from the contract date. A contract year begins on the contract date or on a contract anniversary.</td>
</tr>
<tr>
<td>Annuity Date. The date when income payments are scheduled to begin. You must have our permission to change the annuity date. If the co-annuitant becomes the annuitant due to the death of the annuitant, and the co-annuitant is older than the annuitant, then the annuity date will be based on the age of the co-annuitant, provided that the contract’s requirements for changing the annuity date are met (e.g., the co-annuitant cannot be older than a specified age). If the co-annuitant is younger than the annuitant, then the annuity date will remain unchanged.</td>
<td>Contract Owner, Owner, or You. The person entitled to the ownership rights under the contract.</td>
</tr>
<tr>
<td><strong>Beneficiary.</strong> The person(s) or entity you have chosen to receive a death benefit.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Bonus.</strong> The additional 1% of your purchase payments that we add to the value of your contract. This amount is based on the purchase payments you make during the first three years you own the contract. This bonus payment is discretionary in later years. Payment of the bonus amount may be limited to $1,000 each contract year. This amount is referred to in your contract as an “additional amount.”</td>
<td>Death Benefit. If a death benefit is payable, the beneficiary you designate will receive, depending on the age of the annuitant at death, either the contract value or the total invested purchase payments reduced proportionally by withdrawals, or a potentially greater amount related to market appreciation.</td>
</tr>
<tr>
<td><strong>Business Day.</strong> A day on which the New York Stock Exchange is open for business. Our business day generally ends at 4:00 p.m. Eastern time.</td>
<td>Fixed Interest Rate Option. An investment option that offers a fixed rate of interest for a one-year period.</td>
</tr>
<tr>
<td><strong>Cash Value.</strong> The total value of your contract minus any applicable charges or fees.</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Co-Annuittant.</strong> The person shown on the contract data pages who becomes the annuitant (if eligible) upon the death of the annuitant if the contract’s requirements for changing the annuity date are met. No co-annuitant may be designated if the owner is a non-natural person.</td>
<td>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.</td>
</tr>
</tbody>
</table>
Qualified Variable Investment Plan Variable Annuity

Income Phase. The period during which you receive income payments under the contract.

Prudential Annuity Service Center. For general correspondence: P.O. Box 7960, Philadelphia, PA 19176. For express overnight mail: 2101 Welsh Road, Dresher, PA 19025. The phone 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. Generally, you can make additional purchase payments at any time during the accumulation phase.

Separate Account. Purchase payments allocated to the variable investment options are held by us in a separate account called the Prudential Qualified Individual Variable Contract Account. The separate account is set apart from all of the general assets of Prudential.

Statement of Additional Information. A document containing certain additional information about the Qualified Variable Investment Plan 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 generally 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 Section 8. “What Are The Tax Considerations Associated With The Qualified Variable Investment Plan Variable Annuity Contract?”

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 is referred to in your contract as a subaccount.
SUMMARY
For a more complete discussion of the following topics, see the corresponding section in the prospectus.

1. WHAT IS THE QUALIFIED VARIABLE INVESTMENT PLAN VARIABLE ANNUITY?

The Qualified Variable Investment Plan variable annuity is designed for use in connection with various retirement arrangements. These retirement arrangements receive favorable federal income tax benefits which are fully explained in Section 8, “What Are The Tax Considerations Associated With The Qualified Variable Investment Plan?”

The contract is between your employer (the owner) and us (the insurance company). Under certain circumstances the contract is directly between you and the insurance company. The contract provides a way of accumulating your savings by investing on a tax-deferred basis in the variable investment options which are associated with portfolios of The Prudential Series Fund, Inc., (Series Fund). There is also a fixed interest rate option. The contract is intended for retirement savings or other long-term investment purposes and provides for a death benefit and guaranteed income options.

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, including the Prudential Series Fund Money Market Portfolio variable investment option.

The fixed interest rate option offers a guaranteed interest rate. While your money is allocated to this option, your principal amount will not decrease and we guarantee that your money will earn at least a minimum interest rate annually.

You may make up to 4 free transfers each contract year among the investment options. Certain restrictions apply to transfers involving the fixed interest rate option.

The contract, like all deferred annuity contracts, has two phases: the accumulation phase and the income phase. During the accumulation phase, earnings grow on a tax-deferred basis and are generally 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.

We may amend the contract as permitted by law. For example, we may add new features to the contract. Subject to applicable law, we determine whether or not to make such contract amendments available to contracts that already have been issued.

Free Look. If you change your mind about owning the Qualified Variable Investment Plan contract, you may cancel your contract within 10 days after receiving it (or whatever time period is required by applicable law).

Other Contracts. This prospectus describes the Qualified Variable Investment Plan contract which is currently offered for sale. There are earlier versions of the contract that Prudential no longer offers. These earlier versions have certain different features that are referred to throughout this prospectus. Owners of previously offered contracts can find further information in the SAI.
2. WHAT INVESTMENT OPTIONS CAN I CHOOSE?
You can invest your money in any of the following variable investment options:

**THE PRUDENTIAL SERIES FUND, INC.**

The Prudential Series Fund, Inc. is a mutual fund made up of the following portfolios. You may choose one or more of these portfolios as your variable investment options.

- Conservative Balanced Portfolio
- Diversified Bond Portfolio
- Equity Portfolio
- Flexible Managed Portfolio
- Global Portfolio
- Government Income Portfolio
- High Yield Bond Portfolio
- Jennison Portfolio
- Money Market Portfolio
- Natural Resources Portfolio
- Prudential Value Portfolio
- Small Capitalization Stock Portfolio
- Stock Index Portfolio

Depending upon market conditions, you may earn or lose money in any of these investment 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. Accumulation unit values for the subaccounts corresponding to the Series Fund appear at the end of this prospectus.

You may also invest your money in the fixed interest rate option.

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 may not be able to change your payment plan.

4. WHAT IS THE 1% BONUS?
We will add to your account an additional 1% of your purchase payments during the first three years of your contract. Payment of the bonus amount may be limited to $1,000 each contract year. After three contract years the additional 1% may be added at our discretion. Also, the 1% will be recaptured if you make a withdrawal within eight contract anniversaries after the purchase payment is made.

Prudential and its affiliated insurance company subsidiaries, through separate prospectuses, sell individual variable annuities that do not provide a bonus. In deciding whether to buy a Qualified Variable Investment Plan contract, you should compare the costs and other features of those contracts (or of other variable annuity contracts made available by your representative) with the costs under the Qualified Variable Investment Plan contract. In particular, you should be aware that certain of the charges under the Qualified Variable Investment Plan contract are higher than those under variable annuities that do not offer a bonus.

We impose these higher charges to recoup our costs associated with the granting of bonus payments. Under certain scenarios, you could find yourself in a disadvantageous position for having bought a Qualified Variable Investment Plan contract, as opposed to another variable annuity. For example, if you withdraw a purchase payment under the Qualified Variable Investment Plan contract within eight contract anniversaries after you made the payment, you will forfeit the associated bonus, but you will have been subject to those higher charges nonetheless. Accordingly, you should be prepared to keep your purchase payments invested for at least the eight contract anniversary period in order to take full economic advantage of the bonus payments you have received.

5. HOW CAN I PURCHASE A QUALIFIED VARIABLE INVESTMENT PLAN VARIABLE ANNUITY CONTRACT?
If you purchase this contract under a retirement plan, your purchase payment would be made through payroll deduction or a similar arrangement with your employer. You must make at least $300 in purchase payments during any 12 month period. If you purchase this contract outside of an
employer sponsored retirement plan, your purchase payments must be a minimum of $100. You must get our approval for any purchase payment (e.g., a rollover) of $1,000,000 or more, unless we are prohibited under applicable state law from insisting on such prior approval.

6. WHAT ARE THE EXPENSES ASSOCIATED WITH THE QUALIFIED VARIABLE INVESTMENT PLAN VARIABLE ANNUITY 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 if your contract value is less than $10,000 at that time. This charge is currently no more than $30. We do not impose the contract maintenance charge if your contract value is $10,000 or more. For insurance and administrative costs, we also deduct an annual charge based on the average daily value of all assets allocated to the variable investment options. The daily cost is equivalent to an annual charge of 1.20%. This charge is not assessed against amounts allocated to the fixed interest rate investment option.

There are a few states/jurisdictions that assess a premium tax on us when you begin receiving regular income payments from your annuity. In those states, we deduct a charge designed to approximate this tax which can range from 0–3.5% of your contract value.

There are also expenses associated with the mutual funds. For 2004, the fees of these funds ranged on an annual basis from 0.38% to 0.84% of fund assets.

During the accumulation phase, if you withdraw money less than eight years after making a purchase payment, you may have to pay a withdrawal charge on all or part of the withdrawal. This charge ranges from 1–8%.

7. HOW CAN I ACCESS MY MONEY?

You may withdraw money at any time during the accumulation phase. Each contract year you may withdraw your contract earnings plus up to 10% of your contract value (calculated as of the date of the first withdrawal made in that contract year), without charge. Withdrawals in excess of earnings plus 10% of your purchase payments may be subject to a withdrawal charge. This charge initially is 8% but decreases 1% each contract anniversary from the date that each purchase payment was made. After the eighth contract anniversary, there is no charge for a withdrawal of that purchase payment. You may, however, be subject to income tax and, if you make a withdrawal prior to age 59½, an additional tax penalty as well.

8. WHAT ARE THE TAX CONSIDERATIONS ASSOCIATED WITH THE QUALIFIED VARIABLE INVESTMENT PLAN VARIABLE ANNUITY CONTRACT?

Your earnings are generally not taxed until withdrawn. If you are younger than age 59½ when you withdraw money, you may be charged a 10% federal tax penalty on the earnings in addition to ordinary taxation. If you have made after tax contributions to your contract, a portion of the payments you receive during the income phase may be considered a partial return of your original investment. As a result, that portion of each payment is not taxable as income. Generally, all amounts withdrawn from IRA contracts are taxable and subject to the 10% penalty if withdrawn prior to age 59½.

9. OTHER INFORMATION

This contract is issued by The Prudential Insurance Company of America (Prudential) and sold by registered representatives of affiliated and unaffiliated broker/dealers.
SUMMARY OF CONTRACT EXPENSES

The purpose of this summary is to help you understand the costs you will pay for the Qualified Variable Investment Plan variable annuity contract. The following tables describe the 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 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 Section 6, “What Are The Expenses Associated With The Qualified Variable Investment Plan Variable Annuity Contract?” The Series Fund prospectus contains detailed information about the underlying mutual funds.

<table>
<thead>
<tr>
<th>Contract Owner Transaction Expenses</th>
<th>Number of Contract Anniversaries Since the Date of Each Purchase Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Withdrawal Charge</strong>:</td>
<td>0 ............. 8% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>1 ............. 7% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>2 ............. 6% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>3 ............. 5% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>4 ............. 4% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>5 ............. 3% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>6 ............. 2% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>7 ............. 1% plus return of 1% bonus</td>
</tr>
<tr>
<td></td>
<td>8 ............. 0%</td>
</tr>
</tbody>
</table>

**Charge For Premium Tax Imposed On Us By Certain States/Jurisdictions:**

Up to 3.5% of contract value

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 Annual Contract Fee and Full Withdrawal Fee:**

......... $30.00

**Separate Account Annual Expenses**

As a percentage of the average account value in the variable investment options.

**Mortality and Expense Risks:**

................ 1.20%

---

1 Withdrawal charges are imposed only on purchase payments. In addition, during any contract year you may withdraw up to 10% of the total contract value (calculated as of the date of the first withdrawal made in that contract year), without charge. There is no withdrawal charge on any withdrawals made under the Critical Care Access option (see Section 6). Withdrawal charges are also waived when a death benefit is paid.

2 This fee is only imposed if your contract value is less than $10,000 at the time this fee is calculated.
Qualified Variable Investment Plan Variable Annuity

TOTAL ANNUAL MUTUAL FUND OPERATING EXPENSES

The next item shows the minimum and maximum total operating expenses (expenses that are deducted from variable investment options, including management fees, distribution and/or service fees and other expenses) charged by the underlying mutual funds that you may pay periodically during the time that you own the contract. More detail concerning each variable investment option’s fees and expenses is contained in the underlying Series Fund prospectus. The minimum and maximum total operating expenses depicted below are based on historical fund expenses for the year ended December 31, 2004. Mutual fund expenses are not fixed or guaranteed by the Prudential Qualified Variable Investment Plan contract, and may vary from year to year.

<table>
<thead>
<tr>
<th></th>
<th>MINIMUM</th>
<th>MAXIMUM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Annual Mutual Fund Operating Expenses</strong></td>
<td>0.38%</td>
<td>0.84%</td>
</tr>
</tbody>
</table>
Qualified Variable Investment Plan Variable Annuity

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 assume the maximum fees and expenses of any of the variable investment options. 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 1 – If You Withdraw Your Assets
Example 1 assumes that:
• you invest $10,000 in the Qualified Variable Investment Plan;
• you allocate all of your assets to the variable investment option having the maximum total operating expenses;
• you withdraw all your assets at the end of the time period indicated;
• your investment has a 5% return each year; and
• the underlying mutual fund’s total operating expenses remain the same each year.

Example 2 – If You Do Not Withdraw Your Assets
Example 2 assumes that:
• you invest $10,000 in the Qualified Variable Investment Plan;
• you allocate all of your assets to the variable investment option having the maximum total operating expenses;
• you do not withdraw any of your assets at the end of the time period indicated;
• your investment has a 5% return each year; and
• the underlying mutual fund’s total operating expenses remain the same each year.

<table>
<thead>
<tr>
<th>Example 1: IF YOU WITHDRAW YOUR ASSETS</th>
<th>Example 2: IF YOU DO NOT WITHDRAW YOUR ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 YR</td>
<td>3 YRS</td>
</tr>
<tr>
<td>$935</td>
<td>$1,203</td>
</tr>
</tbody>
</table>

These examples should not be considered a representation of past or future expenses. Actual expenses may be greater or less than those shown.

Notes for Expense Examples:
The values shown in the 10 year column are the same for Example 1 and Example 2. This is because after 10 years, we would no longer deduct withdrawal charges when you make a withdrawal, or when you begin the income phase of your contract.

The examples use an average annual contract maintenance charge, which we calculated based on our estimate of the total contract fees we expect to collect in 2005. Based on these estimates, the contract maintenance charge is included as an annual charge of 0.079% of contract value. Your actual fees will vary based on the amount of your contract and your specific allocation among the investment options.

Premium taxes are not reflected in these examples. We deduct a charge to approximate premium taxes that may be imposed on us in your state. This charge is generally deducted from the amount applied to an annuity payout option. A table of accumulation unit values appears at the end of Section 9 of this prospectus.
1. What is the Qualified Variable Investment Plan Variable Annuity?

The Qualified Variable Investment Plan Variable Annuity is a contract designed for use in connection with various retirement arrangements. The contract is between your employer who is the owner, and us, the insurance company, The Prudential Insurance Company of America (Prudential, We or Us). Under certain circumstances, the contract is directly between you and the insurance company.

Under our contract or agreement, in exchange for your payment to us, we promise to pay you a guaranteed income stream. 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 purchase the annuity contract in a tax-favored plan such as an IRA, that plan provides tax deferral even without investing in an annuity contract. Therefore, before purchasing an annuity in a tax-favored plan, you should consider whether its features and benefits beyond tax deferral meet your needs and goals. You may also want to consider the relative features, benefits and costs of these annuities compared with any other investment that you may use in connection with your retirement plan or arrangement.

The Qualified Variable Investment Plan is a variable annuity contract. During the accumulation phase, you can allocate your assets among the variable investment options as well as a fixed interest rate option. If you select a variable investment option, 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 fund portfolio(s) you have selected. Because the value of the portfolios fluctuates, 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, the Qualified Variable Investment Plan also contains a fixed interest rate option. This option offers an interest rate that is guaranteed by us for one year and will be at least 3% per year.

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 (if applicable) the annuity payments will continue once the annuity phase begins. On or after the annuity date, the annuitant may not be changed.

Beneficiary

The beneficiary is the person(s) or entity you designate to receive any death benefit. The beneficiary is named at the time the contract is issued, unless you change it at a later date. Unless an irrevocable beneficiary has been named, you can change the beneficiary at any time before the annuitant or last surviving annuitant dies by making a written request to us.

Death Benefit

If the annuitant dies during the accumulation phase, we will, upon receiving appropriate proof of death and any other needed documentation in good order (proof of death), pay a death benefit to the designated beneficiary. We require proof of death to be submitted promptly.

This is how the amount of the death benefit is calculated:

If the annuitant dies during the accumulation phase before age 65, the amount of the death benefit will be the greater of (a) the current value of the contract as of the date we receive proof of death, or (b) the total of all purchase payments plus any bonus credited by Prudential, reduced proportionally by withdrawals.

If the annuitant is age 65 or older, the amount of the death benefit will be the current value of the contract as of the time we receive appropriate proof of death.
Here is an example of how the death benefit is calculated:

Suppose a contract owner had made purchase payments and was credited a bonus totaling $100,000, but, due to unfortunate investment results, the contract value had decreased to $80,000. If the annuitant is younger than age 65, the death benefit would still be $100,000. This amount, however, is reduced proportionally when you make a withdrawal from the contract. If the contract owner had withdrawn 50% of the remaining $80,000, the death benefit would also be reduced by 50%. Since the death benefit had been $100,000, it would now be $50,000. As stated above, after age 65, the death benefit amount is simply the current value of the contract.

Death benefits payable under a qualified plan generally must be distributed by December 31 of the fifth year after the annuitant’s date of death. However, if the beneficiary chooses an annuity payment option and if the annuity payments begin within one year of the date of death, the death benefit may be distributed over the beneficiary’s life expectancy.

If the annuitant dies during the income phase, the death benefit, if any, is determined by the type of annuity payment option you select.

Short Term Cancellation Right or “Free Look”

If you change your mind about owning the Qualified Variable Investment Plan, 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. The amount of your refund will be determined by applicable state law.

To the extent dictated by law, we will include in your refund the amount of any fees and charges that we deducted.

Other Contracts

This prospectus describes the Qualified Variable Investment Plan contract which is currently being offered for sale. There are earlier versions of the contract that Prudential no longer offers. These earlier versions have some different features which include differences in:

- payout options;
- sales charges on withdrawals;
- determination of payments to a beneficiary; and
- determination of the amount of monthly variable annuity payments.

If you are an owner of a contract that is no longer offered for sale, you can find further information regarding contract differences throughout this prospectus and in the SAI.

2. What Investment Options Can I Choose?

The contract gives you the choice of allocating your purchase payments to any of the variable investment options, or a fixed interest rate option. The variable investment options invest in The Prudential Series Fund, Inc. portfolios. The Prudential Series Fund, Inc. has a separate prospectus. You should read the Prudential Series Fund, Inc. prospectus before you decide to allocate your assets to a variable investment option using that fund.

Variable Investment Options

Listed below are The Prudential Series Fund, Inc. (Series Fund) portfolios which are available as variable investment options. Each portfolio has a different investment objective.

- Conservative Balanced Portfolio
- Diversified Bond Portfolio
- Equity Portfolio
- Flexible Managed Portfolio (invests in a mix of equities, debt, and money market instruments)
- Global Portfolio
- Government Income Portfolio
- High Yield Bond Portfolio
- Jennison Portfolio (invests primarily in equity securities of major, established corporations)
Money Market Portfolio
Natural Resources Portfolio
Prudential Value Portfolio
Small Capitalization Stock Portfolio
Stock Index Portfolio

The Series Fund is managed by Prudential Investments LLC (PI), an indirect wholly-owned subsidiary of Prudential Financial, Inc. (Prudential Financial), through subadvisers that PI employs by using a “manager-of-managers” approach. The subadvisers, which have day-to-day responsibility for managing the portfolios, are 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 manage some or all of a Series Fund portfolio are listed below.

Jennison Associates LLC (Jennison), also an indirect wholly-owned subsidiary of Prudential Financial, serves as the sole subadviser to the Global, Jennison, Natural Resources and Prudential Value Portfolios. Jennison also serves as subadviser to a portion of the Equity Portfolio.

Prudential Investment Management, Inc. (PIM), also an indirect wholly-owned subsidiary of Prudential Financial, serves as sole subadviser to the Diversified Bond, Government Income, High Yield Bond and Money Market Portfolios. PIM also serves as subadviser to a portion of each of the Conservative Balanced and Flexible Managed Portfolios.

Quantitative Management Associates LLC (QMA), a wholly-owned subsidiary of PIM, serves as the sole subadviser to the Small Capitalization Stock and Stock Index Portfolios. QMA also serves as subadviser to a portion of each of the Conservative Balanced and Flexible Managed Portfolios.

GE Asset Management Incorporated and Salomon Brothers Asset Management Inc. each manage a portion of the Equity Portfolio.

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.

As detailed in the Series Fund Prospectus, although the Prudential Series Fund Money Market Portfolio is designed to be a stable investment option, it is possible to lose money in that portfolio. For example, when prevailing short-term interest rates are very low, the yield on the Money Market Portfolio may be so low that, when separate account and contract charges are deducted, you experience a negative return.

An affiliate of each of the portfolios may compensate Prudential based upon an annual percentage of the average assets held in the portfolio by Prudential under the contracts. These percentages may vary by portfolio, and reflect administrative and/or support services we provide. Currently, Prudential receives 0.05% annually for providing those services.

In addition, the investment adviser, subadviser or distributor of the underlying portfolios may also compensate us by providing reimbursement or paying directly for, among other things, marketing and/or administrative services and/or other services they provide in connection with the contract. These services may include, but are not limited to: co-sponsoring various meetings and seminars attended by broker/dealer firms’ registered representatives and creating marketing material discussing the contract and the available options.

Fixed Interest Rate Option
We also offer a fixed interest rate option. When you select this option, your payment will earn interest at the established rate for a one-year period. This rate will be at least 3%. A new interest rate period is established every time you allocate or transfer money into the fixed interest 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.

Payments allocated to the fixed interest rate option become part of Prudential’s general assets.

Transfers Among Options
We allow you to transfer money among the mutual fund investment options, and from the mutual fund investment options to the fixed interest rate option, but we have the contractual right to limit you to as few as four such transfers each contract year. If we decide to impose this four-transfer limit, we will notify you in advance. We currently impose a different yearly limitation on the manner in which we will accept your transfer requests. Specifically, once you have made 20 transfers among the subaccounts during a contract year, we will accept any additional transfer request during that year only if the request is submitted to us in writing with an original signature and otherwise is in good order. For purposes of this transfer restriction, we (i) do not view a facsimile transmission as a “writing”, (ii) will treat multiple transfer requests submitted on the same business day as a single transfer, and (iii) do not count any transfer that involves one of our systematic programs, such as dollar cost averaging.

Frequent transfers involving the mutual fund investment options in response to short-term fluctuations in markets, sometimes called “market timing,” can affect a portfolio manager’s ability to manage an underlying mutual fund’s investments. Frequent transfers may cause the fund to hold more cash than otherwise necessary, disrupt management strategies, increase transactions costs, or affect performance. For those reasons, the contract was not designed for persons who make programmed, large, or frequent transfers. Although our transfer restrictions are designed to prevent excessive transfers, they are not capable of preventing every potential occurrence of excessive transfer activity.

The minimum transfer amount is $300 or the total amount in the investment option if it is less than $300. Your transfer request may be made by telephone, electronically or otherwise in paper form to the Prudential Annuity Service Center. We have procedures in place to confirm that instructions received by telephone are genuine. We will not be liable for following unauthorized telephone instructions that we reasonably believed to be genuine. Your transfer request will take effect at the end of the business day on which it was received in good order. Our business day generally closes at 4:00 p.m. Eastern time. Our business day may close earlier, for example if regular trading on the New York Stock Exchange closes early. Transfer requests received after the close of the business day will take effect at the end of the next business day.

You can make transfers out of the fixed interest rate option only during the 30-day period following your contract anniversary date.

The maximum amount you may transfer from the fixed interest rate option is limited to the greater of:
- 25% of the amount allocated to the fixed interest rate option; or
- $2,000.

Dollar Cost Averaging
The Dollar Cost Averaging (DCA) feature allows you to systematically transfer a percentage amount out of the money market variable investment option and into any other variable investment option(s). You can transfer money to more than one variable investment option. The investment option used for the transfers is designated as the DCA account. You may choose to have these automatic transfers from the DCA account made monthly. By investing amounts on a regular schedule 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 a loss in declining markets.

When you establish your DCA account with your first purchase payment, you must allocate a minimum of either $2,000 or 10% of your
purchase payment, whichever is greater, to your DCA account. If you establish your DCA account at a later time, a minimum of $2,000 is required.

Once established, your first transfer out of the account must be at least 3% of your DCA account. The minimum amount you can transfer into any one investment option is $20. Transfers will continue automatically until the entire amount in your DCA account has been transferred or until you tell us to discontinue the transfers. You can allocate subsequent purchase payments to re-open the DCA account at any time.

Your transfers will occur on the same date each month as your DCA start date, 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. If processing the transfer on the next business day would result in the transaction occurring in the subsequent calendar year, then we will process the transaction on the preceding business day.

Any dollar cost averaging transfers you make are not counted toward the maximum number of transfers you are allowed each year. This feature is available only during the contract accumulation phase.

Scheduled Transactions
Scheduled transactions include transfers under dollar cost averaging, systematic withdrawals, minimum distributions or annuity payments. Scheduled transactions are processed and valued as of the date they are scheduled, unless the scheduled day is not a business day. In that case, the transaction will be processed and valued on the next business day, unless the next business day falls in the subsequent calendar year, in which case the transaction will be processed and valued on the prior business day.

Voting Rights
We are the legal owner of the shares in the underlying mutual funds, used by the variable investment options. However, we vote the shares according to voting instructions received from contract owners. When a vote is required, we will mail you a proxy which is a form that you need to 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 the shares for which we do not receive instructions, and any other shares that we own in our own right, in the same proportion as the shares for which we receive instructions from contract owners. We may change the way your voting instructions are calculated if it is required or permitted by federal or state regulation.

Substitution
We may substitute one or more of the underlying mutual funds used by the variable investment options. We may also cease to allow investments in existing portfolios. We would not do this without the approval of the Securities and Exchange Commission (SEC) and any necessary state insurance departments. You will be given specific notice in advance of any substitution we intend to make.

Other Changes
We may also make other changes to such things as the minimum amounts for purchases, transfers and withdrawals. However, before imposing such changes we will give you at least 90 days notice.

3. What Kind of Payments Will I Receive During the Income Phase? (Annuity)

Payment Provisions
Under the terms of the currently offered contract, annuity payments must begin no later than the contract anniversary that coincides with or next follows the annuitant’s 90th birthday. At our discretion, annuity payments may start at a later date. Different payment provisions and income payments apply to certain previously offered contracts. See the discussion contained in the SAI for further details.

You should be aware that generally under most tax-favored plans, you must begin receiving
payments by age 70½. See Section 8, “What Are The Tax Considerations Associated With the Qualified Variable Investment Plan Contract?”

We make the annuity options described below available (subject to the retirement arrangement that covers you) at any time before the annuity date. During the income phase, all of the annuity options under the currently offered contract are fixed annuity options. This means that your participation in the variable investment options ends on the annuity date. At any time before your annuity date, you may ask us to change the annuity date specified in your contract to another permissible date.

As indicated above, when you decide to begin receiving annuity payments, your participation in the variable investment options ends. Generally, once you begin receiving regular payments you cannot change your payment plan. The value of your contract at that time, together with your choice of annuity option, will help determine how much your income payments will be. You should be aware that, depending on how recently you made purchase payments, you may be subject to withdrawal charges and the recapture of bonus payments when you annuitize. For certain annuity options, these withdrawal charges will be waived.

Option 1. Life Annuity With 120 Payments (10 Years) Certain 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 in one lump sum the present value of the annuity payments scheduled to have been made over the remaining portion of that 10 year period, unless we were specifically instructed that such remaining annuity payments continue to be paid to the beneficiary. The present value of the remaining certain period annuity payments is calculated by using the interest rate used to compute the amount of the original 120 payments. The interest rate used will be at least 3.5% a year.

Option 2. Interest Payment Option

Under this option, we credit interest on your contract value not yet withdrawn. We can make interest payments on a monthly, quarterly, semiannual or annual basis or allow the interest to accrue on your contract assets. If an annuity option is not selected by the annuity date, this is the option we will automatically select for you, unless prohibited by applicable law. Under this option, we will pay you interest at an effective rate of at least 3% a year. Upon the death of the annuitant, we will pay the beneficiary the remaining contract assets.

Generally this option will not satisfy minimum distribution requirements.

Option 3. Other Annuity Options

We currently offer a variety of other annuity options not described above, including a qualified joint and survivor option. At the time annuity payments are chosen, we may make available to you any of the fixed annuity options that are offered at your annuity date.

These options are referred to in your contract as the supplemental life annuity option. Under the supplemental life annuity option, we will waive withdrawal charges that might be applicable under other annuity options. In addition, if you select Option 1 without a right of withdrawal, we will effect that option under the supplemental life annuity option, if doing so provides greater monthly payments.

Tax Considerations

If your contract is held under a tax favored plan, you should consider the minimum distribution requirements when selecting your annuity option.

For certain contracts held in connection with “qualified” retirement plans (such as a Section 401(a) 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 1% Bonus?
During the first three contract years, we will add an additional 1% to every purchase payment that you make. After that, we will add the 1% bonus at our discretion. We may limit our payment of the bonus to $1,000 per contract year. The bonus payment will be allocated to your contract based on the way your purchase payment is allocated among the variable investment options and the fixed interest rate option.

The bonus amount will not be subject to the charge for premium taxes. We will, however, take the bonus payments back if you make a withdrawal of the associated purchase payment within eight contract anniversaries of the time that the purchase payment was made. The only exception would be if you annuitize your contract in a way that is not subject to a withdrawal charge or if you make a withdrawal under the Critical Care Access option.

5. How Can I Purchase a Qualified Variable Investment Plan Variable Annuity Contract?

Purchase Payments
Under a retirement plan, purchase payments are made through payroll deduction or a similar arrangement with an employer. These payments must total at least $300 during any 12-month period. If you purchase the Qualified Variable Investment Plan outside of an employer sponsored retirement plan, your purchase payments must be a minimum of $100, with a maximum contribution equal to the maximum amount allowed by law. See Section 8, “What Are the Tax Considerations Associated with the Qualified Variable Investment Plan Variable Annuity Contract?” for additional information regarding the maximum amounts allowed by law. Prudential currently accepts subsequent purchase payments below this $100 minimum amount. We reserve the right to again require a $100 minimum at some future date. You must get our approval for any initial and additional purchase payment (e.g., a rollover) of $1,000,000 or more, unless we are prohibited under applicable state law from insisting on such prior approval. You may purchase this contract only if the oldest of the owner, joint owner, annuitant, or co-annuitant is age 68 or younger on the contract date (age 80, if you have elected a minimum distribution option or other, comparable IRS election).

Allocation of Purchase Payments
When you purchase a contract, we will allocate your invested purchase payment among the variable investment options and the fixed interest rate option, based on the percentages you choose. When you make an additional purchase payment, it will be allocated in the same way as your most recent purchase payment, unless you tell us otherwise. You may change your allocation of future invested purchase payments at any time. Contact the Prudential Annuity Service Center for details.

We generally will credit the initial purchase payment to your contract within two business days from the day on which we receive your payment in good order 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. Our business day generally closes at 4:00 p.m. Eastern time. Our business day may close earlier, for example if regular trading on the New York Stock Exchange closes early. Subsequent purchase payments received in good order after the close of the business day will be credited on the following business day.
Calculating Contract Value

The value of the variable portion of your contract will go up or down depending on the investment performance of the variable investment option(s) you choose. To determine the value of your contract allocated to the variable investment options, 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 charges such as taxes; and
3. dividing this amount by the number of outstanding accumulation units.

When you make a purchase payment to a variable investment option, we credit your contract with accumulation units of the subaccount or subaccounts for the investment options you choose. The number of accumulation units credited to your contract is determined by dividing the amount of the purchase payment 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. The Accumulation Unit Values charts at the end of Section 9 of this prospectus give you more detailed information about the accumulation units of the variable investment options associated with the Series Fund.

We cannot guarantee that the value of your contract 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 allocated to the fixed interest rate option.

6. What are the Expenses Associated with the Qualified Variable Investment Plan Variable Annuity Contract?

There are charges and other expenses associated with the contract that reduce the return on your investment. These charges and expenses are described below.

The charges under the contracts are designed to cover, in the aggregate, our direct and indirect costs of selling, administering and providing benefits under the contracts. They are also designed, in the aggregate, to compensate us for the risks of loss we assume pursuant to the contracts. If, as we expect, the charges that we collect from the contracts exceed our total costs in connection with the contracts, we will earn a profit. Otherwise, we will incur a loss. The rates of certain of our charges have been set with reference to estimates of the amount of specific types of expenses or risks that we will incur. In most cases, this prospectus identifies such expenses or risks in the name of the charge; however, the fact that any charge bears the name of, or is designed primarily to defray a particular expense or risk does not mean that the amount we collect from that charge will never be more than the amount of such expense or risk. Nor does it mean that we may not also be compensated for such expense or risk out of any other charges we are permitted to deduct by the terms of the contract.

Insurance Charges

Each day, we make a deduction for insurance charges as follows:

The mortality risk portion of the insurance charge is for assuming 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. We also incur the risk that the death benefit amount exceeds the contract value. The expense risk portion of the insurance charge is for our assuming the risk that the current charges will be insufficient in the future to cover the cost of administering the contract.
Qualified Variable Investment Plan Variable Annuity

The withdrawal charge is for the payment of the expenses involved in selling and distributing the contracts, including sales commissions, printing of prospectuses, sales administration, preparation of sales literature and other promotional activities.

Each contract year, you can withdraw earnings plus up to 10% of the value of your total contract, calculated as of the date of the first withdrawal made during a contract year without paying a withdrawal charge. This amount is referred to as the “charge-free” amount. Prior to the eighth contract anniversary following a purchase payment, if your withdrawal is more than the charge-free amount, a withdrawal charge will be applied. For this purpose, we treat purchase payments as withdrawn on a first-in, first-out basis. Even if not subject to surrender charges, withdrawals will still have tax consequences and may be subject to a 10% tax penalty. Please refer to Section 8 of this prospectus, “What Are The Tax Considerations Associated With The Qualified Individual Variable Investment Plan Annuity Contract?”

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.

<table>
<thead>
<tr>
<th>Number of Contract Anniversaries Since the Date of Each Purchase Payment</th>
<th>Withdrawal Charge</th>
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<tbody>
<tr>
<td>0</td>
<td>8%</td>
</tr>
<tr>
<td>1</td>
<td>7%</td>
</tr>
<tr>
<td>2</td>
<td>6%</td>
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<td>6</td>
<td>2%</td>
</tr>
<tr>
<td>7</td>
<td>1%</td>
</tr>
<tr>
<td>8</td>
<td>0%</td>
</tr>
</tbody>
</table>

If you are 81 or older when you make your purchase payment, your surrender charges for that payment will be lower.
**Qualified Variable Investment Plan Variable Annuity**

**Bonus Recapture**
The bonus amount associated with a purchase payment will be recaptured if you withdraw the associated purchase payment within eight contract anniversaries after the payment was made. The bonus amount will be withdrawn in the same proportion as the purchase payments being withdrawn. This includes withdrawals made for the purpose of annuitizing if withdrawal charges apply. If you make a withdrawal eight contract anniversaries or more after a purchase payment that was credited with the bonus, you can withdraw all or part of your purchase payment and retain the bonus amount.

**Critical Care Access**
We will allow you to withdraw money from the contract and will waive any withdrawal charge and annual contract fee, if the annuitant or the last surviving co-annuitant (if applicable) becomes confined to an eligible nursing home or hospital for a period of at least three consecutive months. You would need to provide us with proof of the confinement. If a physician has certified that the annuitant or last surviving co-annuitant is terminally ill (has six months or less to live), there will be no charge imposed for withdrawals. Critical Care Access is not available in all states.

**Annual Contract Fee**
During the accumulation phase, if your contract value is less than $10,000 on the contract anniversary date, we will deduct $30 per contract year (this fee may differ in certain states). This annual contract fee is used for administrative expenses and cannot be increased. The fee will be deducted proportionately from each of the investment options that you have selected. This charge will also be deducted when you surrender your contract if your contract value is less than $10,000 at that time.

**Taxes Attributable to Premium**
There may be federal, state and local premium based taxes applicable to your purchase payment. We are responsible for the payment of these taxes and may make a charge against the value of the contract to pay some or all of these taxes. It is our current practice not to deduct a charge for state premium taxes until annuity payments begin. In the states that impose a premium tax on us, the current rates range up to 3.5%. 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.

**Company Taxes**
We pay company income taxes on the taxable corporate earnings created by this separate account product. While we may consider company income taxes when pricing our products, we do not currently include such income taxes in the tax charges you pay under the contract. We will periodically review the issue of charging these taxes and may impose a charge in the future.

In calculating our corporate income tax liability, we derive certain corporate income tax benefits associated with the investment of company assets, including separate account assets, which are treated as company assets under applicable income tax law. These benefits reduce our overall corporate income tax liability. Under current law, such benefits may include foreign tax credits and corporate dividends received deductions. We do not pass these tax benefits through to holders of the separate account annuity contracts because (i) the contract owners are not the owners of the assets generating these benefits under applicable income tax law and (ii) we do not currently include company income taxes in the tax charges you pay under the contract. We reserve the right to change these tax practices.

**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 underlying mutual fund. Those funds charge fees that are in...
addition to the contract-related fees described in this section. For 2004, the fees of these funds ranged on an annual basis from 0.38% to 0.84% of fund assets. For additional information about these fund fees, please consult the Series Fund prospectus.

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
When you make a full or partial 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, any partial withdrawal and related withdrawal charges will be made proportionately from all of the variable investment options as well as the fixed interest rate option, depending on your investment selections. You will have to receive our consent to make a partial withdrawal if the amount is less than $300 or if, as a result of the withdrawal, the value of your contract would be reduced to less than $300.

We will generally pay the withdrawal amount, less any required tax withholding, within seven days after we receive a withdrawal request in good order at the Prudential Annuity Service Center. We will deduct applicable charges, if any, from the assets in your contract. Specifically, we will deduct any applicable charges proportionately from all of the variable investment options as well as the fixed interest rate option.

Income taxes, tax penalties, withdrawal charges, 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 proportionately from all investment options. Withdrawal charges may be deducted if the withdrawals in any contract year are more than the charge-free amount. The minimum automated withdrawal amount you can make is $300.

Income, 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 SEC may require us to suspend or postpone payments made in connection with withdrawals or transfers for any period when:

1. The New York Stock Exchange is closed (other than customary weekend and holiday closings);  
2. Trading on the New York Stock Exchange is restricted;  
3. An emergency exists, as determined by the SEC, during which sales of shares of the underlying mutual funds are not feasible or we cannot reasonably value the accumulation units; or  
4. The SEC, by order, so permits suspension or postponement of payments for the protection of owners.

We expect to pay the amount of any withdrawal or process any transfer made from your investment options promptly upon request. We are, however, permitted to delay payment for up to six months on withdrawals from the fixed interest rate option. If we delay payment for more than 30 days, we will pay you interest at an annualized rate of at least 3%.

8. What are the Tax Considerations Associated with the Qualified Variable Investment Plan Variable Annuity Contract?
The discussion is general in nature and describes only federal income tax law (not state
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 income tax deferral regardless of 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 benefits (such as income tax deferral and income tax free transfers).

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,” attached to this prospectus, 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 your contract is worth, if greater), less any applicable federal and state income tax withholding.

Contributions Limits/Rollovers. You may purchase a contract for an IRA in connection with a “rollover” of amounts from a qualified retirement plan, or as a transfer from another IRA or as a current year contribution. In 2005 the limit is $4,000, increasing to $5,000 in 2008. 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, increasing to $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 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 Prudential;
- The annual contribution 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 April 1st of the calendar year after the calendar year you turn age 70½; and

- Death and annuity payments must meet “minimum distribution requirements.”

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”;

- Liability for “prohibited transactions” if you, for example, borrow against the value of an IRA; or

- Failure to take a minimum distribution.

**SEPs.** SEPs are a variation on a standard IRA, and contracts issued to a SEP must satisfy the same general requirements described under IRAs (above). There are, however, some differences:

- If you participate in a SEP, you generally do not include in income any employer contributions made to the SEP on your behalf up to the lesser of (a) $42,000 in 2005 or (b) 25% of the employee’s earned income (not including contribution as “earned income” for these purposes). However, for these purposes, compensation in excess of certain limits established by the IRS will not be considered. In 2005, this limit is $210,000;

- SEPs must satisfy certain participation and nondiscrimination requirements not generally applicable to IRAs; and

- SEPs for small employers permit salary deferrals up to $14,000 in 2005 with the employer making these contributions to the SEP. However, no new “salary reduction” or “SAR-SEPs” can be established after 1996. Individuals participating in a SARSEP who are age 50 or above by the end of the year will be permitted to contribute an additional $4,000 in 2005, increasing to $5,000 in 2006. Thereafter, the amount is indexed for inflation.

You will also be provided the same information, and have the same “free look” period, as you would have if you purchased the contract for a standard IRA.

**TDAs.** You may own a TDA generally if you are either an employer or employee of a tax-exempt organization (as defined under Code Section 501 (c)(3)) or a public educational organization, and you may make contributions to a TDA so long as the employee’s rights to the annuity are nonforfeitable. Contributions to a TDA, and any earnings, are not taxable until distribution. You may also make contributions to a TDA under a salary reduction agreement, generally up to a maximum of $14,000 in 2005. Individuals participating in a TDA who are age 50 or above by the end of the year will be permitted to contribute an additional $4,000 in 2005, increasing to $5,000 in 2006. Thereafter, the amount is indexed for inflation. Further, you may roll over TDA amounts to another TDA or an IRA. You may also roll over TDA amounts to a qualified retirement plan, a SEP and a 457 government plan. A contract may only qualify as a TDA if distributions (other than “grandfathered” amounts held as of December 31, 1988) may be made only on account of:

- Your attainment of age 59½;

- Your severance of employment;

- Your death;

- Your total and permanent disability; or

- Hardship (under limited circumstances, and only related to salary deferrals and any earnings attributable to these amounts).

In any event, you must begin receiving distributions from your TDA by April 1st of the calendar year after the calendar year you turn age 70½ or retire, whichever is later.
Qualified Variable Investment Plan Variable Annuity

These distribution limits do not apply either to transfers or exchanges of investments under the contract, or to any “direct transfer” of your interest in the contract to another TDA or to a mutual fund “custodial account” described under Code Section 403(b)(7).

Employer contributions to TDAs are subject to the same general contribution, nondiscrimination, and minimum participation rules applicable to “qualified” retirement plans.

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 generally payments must start by April 1 of the year after the year you reach age 70½ 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. More information on the mechanics of this calculation is available on request. Please contact us at a reasonable time before the IRS deadline so that a timely distribution is made. Please note that there is a 50% tax penalty 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 distribute to you this minimum distribution amount, less any other partial withdrawals that you made during the year.

Although the IRS rules determine the required amount to be distributed from your IRA each year, certain payment alternatives are still available to you. If you own more than one IRA, you can choose to satisfy your minimum distribution requirement for each of your IRAs by withdrawing that amount from any of your IRAs.

Penalty for Early Withdrawals

You may owe a 10% tax penalty on the taxable part of distributions received from an IRA, SEP, TDA or qualified retirement plan before you attain age 59½. 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; or
- the amount paid or received is in the form of substantially equal payments not less frequently than annually (please note that substantially equal payments must continue until the later of reaching age 59½ or 5 years. Modification of payments during that time period will result in retroactive application of the 10% tax penalty).

Other exceptions to this tax may apply. You should consult your tax advisor 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 federal income tax at the rate of 20%. This 20% withholding does not apply to distributions from 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 three 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 prevent 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 Section 6, “What Are The Expenses Associated With The Qualified Variable Investment Plan Variable Annuity Contract?”

Information about sales representatives and commissions may be found under Section 9, “Other Information” and “Sale And Distribution Of The Contract.”

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 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 and Money Purchase Pension Plans.** 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 and ERISA 403(b) 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 QISA (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” attached to this prospectus.

Taxes Paid by Prudential
Although the separate account is registered as an investment company, it is not a separate taxpayer for purposes of the Code. The earnings of the separate account are taxed as part of the operations of Prudential. No charge is being made currently against the separate account for company federal income taxes. We will periodically review the question of charging the separate account for company federal income taxes. Such a charge may be made in future years for any federal income taxes that would be attributable to the contract.

Under current law, Prudential may incur state and local taxes in addition to premium taxes in several states. At present, these taxes are not significant and they are not charged against the contract or the separate account. If there is a material change in applicable state or local tax laws, the imposition of these taxes upon Prudential that are attributable to the account may result in a corresponding charge against the account.

9. Other Information

The Prudential Insurance Company of America
The Prudential Insurance Company of America (Prudential) is a New Jersey stock life insurance company that has been doing business since 1875. Prudential is licensed to sell life insurance and annuities in the District of Columbia, Guam, U.S. Virgin Islands, and in all states.

Prudential is an indirect wholly-owned subsidiary of Prudential Financial, Inc. (Prudential Financial), a New Jersey insurance holding company. Prudential Financial exercises significant influence over the operations and capital structure of Prudential. However, neither Prudential Financial nor any other related company has any legal responsibility to pay amounts that Prudential may owe under the contract.

The Separate Account
We have established a separate account, the Prudential Qualified Individual Variable Contract Account (separate account), to hold the assets that are associated with the variable annuity contracts. The separate account was established under New Jersey law on October 12, 1982, and is registered with the SEC 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 Prudential 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 Prudential, including its consolidated financial statements, are provided in the Statement of Additional Information.

Sale and Distribution of the Contract
Prudential Investment Management Services LLC (PIMS), 100 Mulberry Street, Gateway Center Three, 14th Floor, Newark, New Jersey 07102-4077, acts as the distributor of the contracts. PIMS is an indirect wholly-owned subsidiary of Prudential Financial 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 (Exchange Act) and a member of the National Association of Securities Dealers, Inc. (NASD).

Commissions are paid to firms on sales of the contract according to one or more schedules. The individual representative will receive a portion of the compensation, depending on the practice of his or her firm. Commissions are generally based on a percentage of purchase payments made, up to a maximum of 6.0%. Alternative compensation schedules are available that provide a lower initial
Qualified Variable Investment Plan Variable Annuity

commission plus ongoing annual compensation based on all or a portion of contract value. We may also provide compensation to the distributing firm for providing ongoing service to you in relation to the contract. Commissions and other compensation paid in relation to the contract do not result in any additional charge to you or to the separate account.

In addition, in an effort to promote the sale of our products (which may include the placement of Prudential and/or the contract on a preferred or recommended company or product list and/or access to the firm’s registered representatives), we or PIMS may enter into compensation arrangements with certain broker/dealer firms with respect to certain or all registered representatives of such firms under which such firms may receive separate compensation or reimbursement for, among other things, training of sales personnel and/or marketing and/or administrative services and/or other services. To the extent permitted by NASD rules and other applicable laws and regulations, PIMS may pay or allow other promotional incentives or payments in the form of cash or non-cash compensation. These arrangements may not be offered to all firms, and the terms of such arrangements may differ between firms. Further information regarding these arrangements is provided in the Statement of Additional Information which is available upon request.

You should note that firms and individual registered representatives and branch managers within some firms participating in one of these compensation arrangements might receive greater compensation for selling the contract than for selling a different annuity that is not eligible for that compensation.

Litigation

Prudential is subject to legal and regulatory actions in the ordinary course of its businesses. Pending legal and regulatory actions include proceedings relating to aspects of our businesses and operations that are specific to Prudential and proceedings that are typical of the businesses in which Prudential operates, including in both cases businesses that have either been divested or placed in wind-down status. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages.

In 2004, Prudential Financial and certain of its subsidiaries, including Prudential, along with a number of other insurance companies, received formal requests for information from the New York State Attorney General’s Office, the Securities and Exchange Commission, the Connecticut Attorney General’s Office, the Massachusetts Office of the Attorney General, the Department of Labor and various state insurance departments relating to payments to insurance intermediaries and certain other practices that may be viewed as anti-competitive. We may receive additional requests from these and other regulators and governmental authorities concerning these and related subjects. We are cooperating fully with these inquiries. These matters are the subject of litigation brought by private plaintiffs, including putative class actions and shareholder derivative actions, and the California Department of Insurance.

In August 2000, plaintiffs filed a purported national class action against us in the District Court of Valencia County, New Mexico, Azar, et al. v. Prudential Insurance, based upon the alleged failure to adequately disclose the increased costs associated with payment of life insurance premiums on a “modal” basis, i.e., more frequently than once a year. Similar actions have been filed in New Mexico against over a dozen other insurance companies. The complaint includes allegations that we should have disclosed to each policyholder who paid for coverage on a modal basis the dollar cost difference between the modal premium and the annual premium required for the policy, as well as the effective annual percentage rate of interest of such difference. Based on these allegations, plaintiffs assert statutory claims including violation of the New Mexico Unfair Practices Act, and common law claims for breach of the implied covenant of good faith and fair
dealing, breach of fiduciary duty, unjust enrichment and fraudulent concealment. The complaint seeks injunctive relief, compensatory and punitive damages, both in unspecified amounts, restitution, treble damages, pre-judgment interest, costs and attorneys’ fees. In March 2001, the court entered an order granting partial summary judgment to plaintiffs as to liability. In January 2003, the New Mexico Court of Appeals reversed the finding of summary judgment in favor of plaintiffs and dismissed the counts in the complaint for breach of the covenant of good faith and fair dealing and breach of fiduciary duty. The case was remanded to the trial court to determine if the alleged nondisclosures were material to plaintiffs. In November 2004, the court issued an order holding that, as to the named plaintiffs, the non-disclosure was material and reliance had been established. Plaintiffs’ motion for class certification of a multi-state class is under consideration by the court.

In November 2003, an action was commenced in the United States Bankruptcy Court for the Southern District of New York, Enron Corp. v. J.P. Morgan Securities, Inc., et al., against approximately 100 defendants, including Prudential and other Prudential entities, who invested in Enron’s commercial paper. The complaint alleges that Enron’s October 2001 prepayment of its commercial paper is a voidable preference under the bankruptcy laws, constitutes a fraudulent conveyance and that Prudential received prepayment of approximately $100 million. All defendants have moved to dismiss the complaint.

In 2000, a nationwide class action, Shane v. Humana, et al., was brought on behalf of provider physicians and physician groups in the United States District Court for the Southern District of Florida. The complaint alleges that Prudential and other health care companies engaged in an industry-wide conspiracy to defraud physicians by failing to pay under provider agreements and by unlawfully coercing providers to enter into agreements with unfair and unreasonable terms. An amended complaint, naming additional plaintiffs, including three state medical associations, and an additional defendant, was filed in March 2001, and alleges claims of breach of contract, quantum meruit, unjust enrichment, violations of the Racketeer Influenced and Corrupt Organizations Act, or RICO, conspiracy to violate RICO, aiding and abetting RICO violations, and violations of state prompt pay statutes and the California unfair business practices statute. The amended complaint seeks compensatory and punitive damages in unspecified amounts, treble damages pursuant to RICO, and attorneys’ fees. In September 2002, the District Court granted plaintiffs’ motion for class certification of a nationwide class of provider physicians. In September 2004, the United States Court of Appeals for the Eleventh Circuit affirmed with respect only to the federal claims for conspiracy to violate RICO and aiding and abetting RICO violations. The trial is scheduled for September 2005.

Prudential’s litigation is subject to many uncertainties, and given its complexity and scope, its outcome cannot be predicted. It is possible that the results of operations or the cash flow of Prudential in a particular quarterly or annual period could be materially affected by an ultimate unfavorable resolution of pending litigation and regulatory matters depending, in part, upon the results of operations or cash flow for such period. Management believes, however, that the ultimate outcome of all pending litigation and regulatory matters, after consideration of applicable reserves, should not have a material adverse effect on Prudential’s financial position.

Assignment
Since 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.

Exchange Offer for Certain Contract Owners
In past years, we have permitted contract owners under certain qualified plans to exchange their contracts for certain mutual funds or variable annuity contracts. We no longer offer such exchanges.
Financial Statements
The consolidated financial statements of Prudential and its subsidiaries and the financial statements of the separate account associated with the Qualified Variable Investment Plan are included in the Statement of Additional Information.

Statement of Additional Information

Contents:

- Company
- Further Information Regarding Previously Offered Qualified Individual Variable Investment Plan Contracts
- Distribution of the Contract
- Payments Made to Promote Sale of Our Products
- Allocation of Initial Purchase Payment
- Experts
- Federal Tax Status
- Financial Information

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 contract owner 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 (877) 778-5008.
### ACCUMULATION UNIT VALUES

**THE PRUDENTIAL QUALIFIED INDIVIDUAL VARIABLE CONTRACT ACCOUNT**

(Condensed Financial Information)

#### SUBACCOUNTS

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The financial statements of the Account are in the Statement of Additional Information.
## ACCUMULATION UNIT VALUES

**THE PRUDENTIAL QUALIFIED INDIVIDUAL VARIABLE CONTRACT ACCOUNT**

(Condensed Financial Information) (Continued)

### SUBACCOUNTS

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The financial statements of the Account are in the Statement of Additional Information.

Contract described herein is no longer available for sale.
# ACCUMULATION UNIT VALUES
## THE PRUDENTIAL QUALIFIED INDIVIDUAL VARIABLE CONTRACT ACCOUNT
### (Condensed Financial Information) (Continued)

#### SUBACCOUNTS

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<tr>
<td>1. Accumulation unit value at beginning of period</td>
<td>$2.253</td>
<td>$1.701</td>
<td>$2.300</td>
<td>$2.825</td>
<td>$3.472</td>
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<td>2. Accumulation unit value at end of period</td>
<td>2.440</td>
<td>2.253</td>
<td>1.701</td>
<td>2.300</td>
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<td>3. Number of accumulation units outstanding at end of period</td>
<td>32,301,322</td>
<td>35,185,101</td>
<td>39,078,977</td>
<td>42,184,092</td>
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<tr>
<td>Government Income</td>
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<td>1. Accumulation unit value at beginning of period</td>
<td>$2.601</td>
<td>$2.568</td>
<td>$2.320</td>
<td>$2.172</td>
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<td>2. Accumulation unit value at end of period</td>
<td>2.650</td>
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<td>2.568</td>
<td>2.320</td>
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<td>3. Number of accumulation units outstanding at end of period</td>
<td>22,314,191</td>
<td>26,842,592</td>
<td>28,868,105</td>
<td>22,918,359</td>
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<tr>
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<tr>
<td>1. Accumulation unit value at beginning of period</td>
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<td>1.574</td>
<td>2.307</td>
<td>2.856</td>
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<td>3. Number of accumulation units outstanding at end of period</td>
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<td>74,146,291</td>
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<th>01/01/98 to 12/31/98</th>
<th>01/01/97 to 12/31/97</th>
<th>01/01/96 to 12/31/96</th>
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<tr>
<td>Small Capitalization Stock</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>1. Accumulation unit value at beginning of period</td>
<td>$2.540</td>
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<td>$2.212</td>
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<td>2. Accumulation unit value at end of period</td>
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<td>2.540</td>
<td>1.859</td>
<td>2.212</td>
<td>2.120</td>
<td>3.063</td>
</tr>
</tbody>
</table>

*Commencement of Business
The financial statements of the Account are in the Statement of Additional Information.
PLEASE SEND ME A STATEMENT OF ADDITIONAL INFORMATION THAT CONTAINS FURTHER DETAILS ABOUT THE PRUDENTIAL ANNUITY DESCRIBED IN PROSPECTUS ORD97110 (05/2005).

______________________________
(print your name)

______________________________
(address)

______________________________
(city/state/zip code)

MAILING ADDRESS:
PRUDENTIAL ANNUITY SERVICE CENTER
P.O. BOX 7960
Philadelphia, PA 19176

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, 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 (IRS). 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 refund (less any applicable federal and state income tax withholding) within 10 days after it is delivered, or applicable state required period, if longer. 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 to 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 contributions must be made by no later than the due date for filing your income tax return for that year. For a single taxpayer, the applicable dollar limitation is $50,000 in 2005, with the amount of IRA contribution which may be deducted reduced proportionately for Adjusted Gross Income between $50,000 — $60,000. For married couples filing jointly, the applicable dollar limitation is $70,000, with the amount of IRA contribution which may be deducted reduced proportionately for Adjusted Gross Income between $70,000 — $80,000. There is no deduction allowed for IRA contributions when Adjusted Gross Income reaches $60,000 for individuals and $80,000 for married couples filing jointly. Income limits are scheduled to increase until 2006 for single taxpayers and 2007 for married taxpayers.

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 should contribute more than the maximum contribution amount to your IRA, the excess amount will be considered an “excess contribution.” You are permitted to withdraw an excess contribution from your IRA 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”).

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 “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 and reinvest it in another IRA. 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 Simplified Employee Pension IRA to an IRA or to another qualified retirement plan or 457 government plan.

Transfer and/or rollover contributions may not include any amounts that must be distributed as a minimum required distribution. If the minimum distribu-

DISTRIBUTIONS
(a) Premature Distributions
At no time can your interest in your IRA be forfeited. To insure that your contributions will be used for retirement, the federal tax law does not permit you to use your IRA as security for a loan. Furthermore, as a general rule, you may not sell or assign your interest in your IRA to anyone. Use of an IRA 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 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. 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 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. If you own
more than one IRA, you can choose to satisfy your minimum distribution requirement for each of your IRAs by withdrawing that amount from any of your IRAs. 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 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 70 1/2; 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 defined under IRS regulations. 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, 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, or as a program of minimum distributions. This annuity or minimum distribution program 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 lesser of 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 Disclosure Statement continued

IRA attains age 59 1/2; (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 70 1/2. 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.

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. If you were at least 70 1/2 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.
Conservative Balanced Portfolio
Diversified Bond Portfolio
Equity Portfolio
Flexible Managed Portfolio
Global Portfolio
Government Income Portfolio
High Yield Bond Portfolio
Jennison Portfolio
Money Market Portfolio
Natural Resources Portfolio
Small Capitalization Stock Portfolio
Stock Index Portfolio
Value Portfolio

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE
COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS
PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Fund is an investment vehicle for life insurance companies ("Participating Insurance Companies") writing variable annuity contracts and variable life insurance policies. Shares of the Fund may also be sold directly to certain tax-deferred retirement plans. Each variable annuity contract and variable life insurance policy involves fees and expenses not described in this Prospectus. Please read the Prospectus for the variable annuity contract or variable life insurance policy for information regarding the contract or policy, including its fees and expenses.

The Fund received an order from the Securities and Exchange Commission permitting its Investment Manager, subject to approval by its Board of Directors, to change subadvisers without shareholder approval. For more information, please see this Prospectus under "How the Fund is Managed."
The following amends the section of the prospectus entitled "How the Fund is Managed - Portfolio Managers":

Leigh Goehring has been replaced as a portfolio manager by David A. Kiefer. Mr. Kiefer and Michael Del Balso are the portfolio managers for the Portfolio.

Jennison typically follows a team approach in the management of its portfolios, while seeking to preserve individual accountability. The teams are generally organized along product strategies (e.g., large cap growth, large cap value) and meet regularly to review portfolio holdings and discuss purchase and sales activity of all accounts in the particular product strategy. The portfolio managers for the Portfolio are supported by members of Jennison’s research team, which is comprised of other research analysts and other investment professionals of Jennison. Team members provide research support and make securities recommendations and support the portfolio managers in all activities. Members of the team may change from time to time.

Mr. Kiefer generally has final authority over all aspects of the Portfolio’s investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio construction, risk assessment, and management of cash flows. Mr. Kiefer, CFA, is an Executive Vice President of Jennison, which he joined in September 2000. He became head of Jennison Large Cap Value Equity in January 2004, having managed diversified large capitalization portfolios since 1998 and large cap blend equity assets since 1999. He became the portfolio manager of the Jennison Utility Fund (then Prudential) in 1994 at Prudential. He joined Prudential’s management training program in 1986. From 1988 to 1990, Mr. Kiefer worked at Prudential Power Funding Associates, making loans to the energy industry. He then left to attend business school, rejoining Prudential in equity asset management in 1992. Mr. Kiefer earned a B.S. from Princeton University and an M.B.A. from Harvard Business School. Mr. Del Balso joined Jennison in 1972 and is currently an Executive Vice President at Jennison. Mr. Del Balso is a graduate of Yale University and received his M.B.A. from Columbia University. He is a member of The New York Society of Security Analysts, Inc. Mr. Del Balso has managed the Portfolio since April 2004.

PSFSUP59
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(For more information—see back cover)
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, Pruco Life Insurance Company, and Pruco Life Insurance Company of New Jersey (collectively, 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 in the section entitled "Principal Risks" which follows this section. 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.

Conservative Balanced Portfolio

Investment Objective: total investment return consistent with a conservatively managed diversified portfolio.

We invest in a mix of equity securities, debt obligations and money market instruments. Up to 30% of the Portfolio’s total assets may be invested in foreign securities. We may invest a portion of the Portfolio’s assets in high-yield/high-risk debt securities, which are riskier than high-grade securities. This Portfolio may be appropriate for an investor who wants diversification with a relatively lower risk of loss than that associated with the Flexible Managed Portfolio (see below). 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
- high yield risk
- interest rate risk
- leveraging risk
- liquidity risk
- management risk
- market risk
- prepayment risk

Diversified Bond Portfolio

Investment Objective: high level of income over a longer term while providing reasonable safety of capital.

We look for investments that we think will provide a high level of current income, but which are not expected to involve a substantial risk of loss of capital through default. We normally invest at least 80% of the Portfolio’s investable assets (net assets plus any borrowings made for investment purposes) in high-grade debt obligations and high-quality money market investments. We may purchase securities that are issued outside the U.S. by foreign or U.S. issuers. In addition, we may invest a portion of the Portfolio’s assets in high-yield/high-risk debt securities, which are riskier than high-grade securities. We may invest up to 20% of the Portfolio’s total assets in debt securities issued outside the U.S. by U.S. or foreign issuers whether or not such securities are denominated in the U.S. dollar. These securities are included in the limits described above for debt obligations that may or may not
be investment grade. 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
- prepayment risk

**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 stock of major established companies 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
- derivatives risk
- foreign investment risk
- leveraging risk
- management risk
- market risk

**Flexible Managed Portfolio**

**Investment Objective:** high total return consistent with an aggressively managed diversified portfolio.

We invest in a mix of equity securities, debt obligations and money market instruments. The Portfolio may invest in foreign securities. A portion of the debt portion of the Portfolio may be invested in high-yield/high-risk debt securities, which are riskier than high-grade securities. This Portfolio may be appropriate for an investor who wants diversification and is willing to accept a relatively high level of loss in an effort to achieve greater appreciation. 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
- high yield risk
- interest rate risk
- leveraging risk
- liquidity risk
- management risk
- market risk
- prepayment 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
- derivatives risk
- foreign investment risk
- leveraging risk
- management risk
- market risk

**Government Income Portfolio**

**Investment Objective:** a high level of income over the long term consistent with the preservation of capital.

We normally invest at least 80% of the Portfolio’s investable assets (net assets plus any borrowings made for investment purposes) in U.S. Government securities, including intermediate and long-term U.S. Treasury securities and debt obligations issued by agencies or instrumentalties established by the U.S. Government, mortgage-related securities and collateralized mortgage obligations. The Portfolio may invest up to 20% of investable assets in other securities, including corporate debt 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:**
- credit risk
- derivatives risk
- foreign investment risk
- interest rate risk
- leveraging risk
- liquidity risk
- management risk
- market risk
- mortgage risk
- prepayment 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.

**High Yield Bond Portfolio**

**Investment Objective:** a high total return.

We normally invest at least 80% of the Portfolio’s investable assets (net assets plus any borrowings made for investment purposes) in high-yield/high-risk debt securities. Such securities have speculative characteristics and are riskier than high-grade securities. The Portfolio may invest up to 20% of its total assets in foreign debt obligations. 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
- prepayment risk
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
- derivatives risk
- foreign investment risk
- leveraging 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.

Natural Resources 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 and convertible securities of natural resource companies and securities that are related to the market value of some natural resource. The Portfolio is non-diversified. As a non-diversified Portfolio, the Natural Resources Portfolio may hold larger positions in single issuers than a diversified Portfolio. As a result, the Portfolio’s performance may be tied more closely to the success or failure of a smaller group of portfolio holdings. There are additional risks associated with the Portfolio’s investment in the securities of natural resource companies. The market value of these securities may be affected by numerous factors, including events occurring in nature, inflationary pressures, and international politics. Up to 30% of the Portfolio’s total assets may be invested 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
- industry/sector risk
- interest rate risk
- leveraging risk
- management risk
- market risk
Small Capitalization Stock Portfolio

Investment Objective: long-term growth of capital.

We invest primarily in equity securities of publicly-traded companies with small market capitalizations. With the price and yield performance of the Standard & Poor’s Small Capitalization 600 Stock Index (the S&P SmallCap 600 Index) 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 all or a representative sample of the stocks in the S&P SmallCap 600 Index. The market capitalization of the companies that make up the S&P SmallCap 600 Index may change from time to time. As of February 28, 2005 the S&P SmallCap 600 Index stocks had market capitalizations of between $300 million and $1 billion.

The Portfolio is not “managed” in the traditional sense of using market and economic analyses to select stocks. Rather, the portfolio manager purchases stocks to duplicate the stocks and their weighting in the S&P SmallCap 600 Index. 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
- derivatives risk
- leveraging risk
- market risk

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 Index) 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 Index 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 Index. 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
- derivatives 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 of companies that we believe will provide investment returns above those of the Russell 1000 Value Index and, over the long term, the Standard & Poor’s 500 Composite Stock Price Index (S&P 500 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
- derivatives risk
- credit risk
- foreign investment risk
- interest rate risk
- leveraging risk
- management risk
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 mis-pricing 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.

**Growth stock risk.** Investors often expect growth companies to increase their earnings at a certain rate. If these expectations are not met, investors can punish the stocks inordinately, even if earnings do increase. In addition, growth stocks typically lack the dividend yield that can cushion stock prices in market downturns.

**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.

**Initial public offering (IPO) risk.** The prices of securities purchased in initial public offerings (IPOs) can be very volatile. The effect of IPOs on the performance of a Portfolio depends on a variety of factors, including the number of IPOs the Portfolio invests in relative to the size of the Portfolio and whether and to what extent a security purchased in an IPO appreciates or depreciates in value. As a Portfolio’s asset base increases, IPOs often have a diminished effect on a Portfolio’s performance.

**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.

Short sale risk. A Portfolio that enters into short sales, which involves selling a security it does not own in anticipation that the security’s price will decline, expose the Portfolio to the risk that it will be required to buy the security sold short (also known as “covering” the short position) at a time when the security has appreciated in value, thus resulting in a loss to the Portfolio.

Smaller company risk. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can have an adverse effect on the pricing of these securities and on a Portfolio’s ability to sell these securities. In the case of small cap technology companies, the risks associated with technology companies (see technology company risk below) are magnified.
EVALUATING PERFORMANCE

Conservative Balanced 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.

Annual Returns* (Class I shares)

![Chart showing annual returns from 1995 to 2004]

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Quarter</td>
<td>10.14% (2nd quarter of 2003)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>Worst Quarter</td>
<td>-8.18% (3rd quarter of 2002)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

*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 12/31/04)

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>8.04%</td>
<td>2.64%</td>
<td>7.36%</td>
</tr>
<tr>
<td>S&amp;P 500 Index**</td>
<td>10.87%</td>
<td>-2.30%</td>
<td>12.07%</td>
</tr>
<tr>
<td>Conservative Balanced Custom Blended Index***</td>
<td>7.33%</td>
<td>2.49%</td>
<td>9.84%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) Balanced Average****</td>
<td>8.55%</td>
<td>2.96%</td>
<td>9.27%</td>
</tr>
</tbody>
</table>

*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 Index)—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 Conservative Balanced Custom Blended Index consists of the S&P 500 Index (50%), the Lehman Brothers Aggregate Bond Index (40%) and the T-Bill 3-Month Blend (10%). 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 Lipper 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 product charges.
Diversified Bond 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.

![Annual Returns* (Class I Shares)](chart)

<table>
<thead>
<tr>
<th>Year</th>
<th>Class I Shares</th>
<th>Lehman Brothers Aggregate Bond Index**</th>
<th>Lipper Variable Insurance Products (VIP) Corporate Debt Funds BBB Average***</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>5.59%</td>
<td>4.34%</td>
<td>5.18%</td>
</tr>
<tr>
<td>5 Years</td>
<td>7.36%</td>
<td>7.71%</td>
<td>7.70%</td>
</tr>
<tr>
<td>10 Years</td>
<td>7.58%</td>
<td>7.72%</td>
<td>7.86%</td>
</tr>
</tbody>
</table>

*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 12/31/04)

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

**The Lehman Brothers Aggregate Bond Index is 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 Lipper 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 product charges.
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.

Annual Returns* (Class I Shares)

![Annual Returns Chart]

<table>
<thead>
<tr>
<th>Year</th>
<th>Best Quarter</th>
<th>Worst Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-2004</td>
<td>16.81% (2nd quarter of 2003)</td>
<td>-17.48% (3rd quarter of 2002)</td>
</tr>
</tbody>
</table>

*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 12/31/04)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
<th>Since Class II Inception (5/3/99)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>9.93%</td>
<td>0.61%</td>
<td>9.42%</td>
<td>11.49%</td>
</tr>
<tr>
<td>Class II Shares</td>
<td>9.51%</td>
<td>0.20%</td>
<td>N/A</td>
<td>0.06%</td>
</tr>
<tr>
<td>S&amp;P 500 Index**</td>
<td>10.87%</td>
<td>-2.30%</td>
<td>12.07%</td>
<td>-0.21%</td>
</tr>
<tr>
<td>Russell 1000 Index***</td>
<td>11.40%</td>
<td>-1.76%</td>
<td>12.16%</td>
<td>0.35%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) Large Cap Core Funds Average****</td>
<td>8.59%</td>
<td>-2.88%</td>
<td>9.72%</td>
<td>-0.62%</td>
</tr>
</tbody>
</table>

*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 Index)—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 to the inception date of the Portfolio.
***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 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 to the inception date of the Portfolio.
****The Lipper 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 product charges. The "Since Inception" return reflects the closest calendar month-end return to the inception date of the Portfolio.
Flexible Managed 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.

**Annual Returns* (Class I Shares)**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>31.29%</td>
<td>18.52%</td>
<td>24.66%</td>
<td>10.24%</td>
<td>7.78%</td>
<td>-1.44%</td>
<td>-5.68%</td>
<td>23.76%</td>
<td>10.74%</td>
<td>10.74%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Best Quarter</th>
<th>Worst Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.31% (2nd quarter of 2003)</td>
<td>-11.45% (3rd quarter of 2002)</td>
</tr>
</tbody>
</table>

*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 12/31/04)**

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>10.74%</td>
<td>2.14%</td>
<td>8.19%</td>
</tr>
<tr>
<td>S&amp;P 500 Index**</td>
<td>10.87%</td>
<td>-2.30%</td>
<td>12.07%</td>
</tr>
<tr>
<td>Flexible Managed Custom Blended Index***</td>
<td>8.14%</td>
<td>1.73%</td>
<td>10.46%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) Flexible Portfolio Funds Average****</td>
<td>8.25%</td>
<td>3.04%</td>
<td>10.00%</td>
</tr>
</tbody>
</table>

*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 Index)--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 Flexible Managed Custom Blended Index consists of the S&P 500 Index (60%), the Lehman Brothers Aggregate Bond Index (35%) and the T-Bill 3-Month Blend (5%). 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 Lipper 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 product charges.
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 12/31/04)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>9.59%</td>
<td>-5.70%</td>
<td>7.45%</td>
</tr>
<tr>
<td>MSCI World Index**</td>
<td>14.72%</td>
<td>-2.45%</td>
<td>8.09%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) Global Funds Average***</td>
<td>15.69%</td>
<td>-1.81%</td>
<td>9.62%</td>
</tr>
</tbody>
</table>

*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., 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.

***The Lipper 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 product charges.
Government Income 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.

### Annual Returns* (Class I Shares)

<table>
<thead>
<tr>
<th>Year</th>
<th>Best Quarter</th>
<th>Worst Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>19.48%</td>
<td>2.32%</td>
</tr>
<tr>
<td>1996</td>
<td>9.67%</td>
<td>9.09%</td>
</tr>
<tr>
<td>1997</td>
<td>12.78%</td>
<td>2.70%</td>
</tr>
<tr>
<td>1998</td>
<td>8.06%</td>
<td>12.05%</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td></td>
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<tr>
<td>2001</td>
<td></td>
<td></td>
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<tr>
<td>2002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*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 12/31/04)

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>3.12%</td>
<td>7.61%</td>
<td>7.45%</td>
</tr>
<tr>
<td>Lehman Brothers Government Bond Index**</td>
<td>3.48%</td>
<td>7.48%</td>
<td>7.46%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) General U.S. Government Funds Average***</td>
<td>3.92%</td>
<td>7.02%</td>
<td>6.88%</td>
</tr>
</tbody>
</table>

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

**The Lehman Brothers Government Bond Index is a weighted index comprised of securities issued or backed by the U.S. Government, its agencies and instrumentalities with a remaining maturity of one to 30 years. 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 Lipper 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 product charges.
High Yield Bond 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.

### Annual Returns* (Class I Shares)

![Bar chart showing annual returns from 1995 to 2004]

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</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>17.56%</td>
<td>11.39%</td>
<td>13.78%</td>
<td>4.61%</td>
<td>1.50%</td>
<td>10.30%</td>
<td>25.04%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Best Quarter</th>
<th>Worst Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.91% (2nd quarter of 2003)</td>
<td>-9.50% (3rd quarter of 1998)</td>
</tr>
</tbody>
</table>

* 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 12/31/04)

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>10.30%</td>
<td>5.12%</td>
<td>6.92%</td>
</tr>
<tr>
<td>Lehman Brothers Corporate High Yield Bond Index**</td>
<td>11.13%</td>
<td>6.97%</td>
<td>8.13%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) High Current Yield Funds Average***</td>
<td>9.84%</td>
<td>4.78%</td>
<td>6.95%</td>
</tr>
</tbody>
</table>

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

**The Lehman Brothers Corporate High Yield Bond Index is made up of over 700 non-investment grade bonds. The index is an unmanaged index that includes the reinvestment of all interest but does not reflect the payment of transaction costs and advisory fees associated with an investment in the Portfolio. 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 Lipper 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 product charges.
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.

![Annual Returns* (Class I Shares)](image)

<table>
<thead>
<tr>
<th>Best Quarter</th>
<th>Worst Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>29.46% (4th quarter of 1998)</td>
<td>-19.83% (3rd quarter of 2001)</td>
</tr>
</tbody>
</table>

* 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 12/31/04)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>Since Class I Inception (4/25/95)</th>
<th>Since Class II Inception (2/10/00)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>9.63%</td>
<td>-7.81%</td>
<td>9.75%</td>
<td>N/A</td>
</tr>
<tr>
<td>Class II Shares</td>
<td>9.22%</td>
<td>N/A</td>
<td>N/A</td>
<td>-9.39%</td>
</tr>
<tr>
<td>S&amp;P 500 Index**</td>
<td>10.87%</td>
<td>-2.30%</td>
<td>11.10%</td>
<td>-1.31%</td>
</tr>
<tr>
<td>Russell 1000 Growth Index***</td>
<td>6.30%</td>
<td>-9.29%</td>
<td>8.67%</td>
<td>-8.55%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) Large Cap Growth Funds Average****</td>
<td>8.04%</td>
<td>-7.58%</td>
<td>8.65%</td>
<td>-7.03%</td>
</tr>
</tbody>
</table>

*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 Index)--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 to the inception date of the Portfolio.

***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. 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 to the inception date of the Portfolio.

****The Lipper 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 product charges. The "Since Inception" return reflects the closest calendar month-end return to the inception date of the Portfolio.
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.

### Annual Returns* (Class I Shares)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Quarter</td>
<td>5.80%</td>
<td>5.24%</td>
<td>5.41%</td>
<td>5.39%</td>
<td>4.98%</td>
<td>6.20%</td>
<td>4.22%</td>
<td>1.52%</td>
<td>0.84%</td>
<td>1.01%</td>
</tr>
<tr>
<td>Worst Quarter</td>
<td>1.59% (3rd quarter of 2000)</td>
<td>0.18% (4th quarter of 2003)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*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 12/31/04)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>1.01%</td>
<td>2.71%</td>
<td>4.03%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) Money Market Funds Average**</td>
<td>0.83%</td>
<td>2.49%</td>
<td>3.82%</td>
</tr>
</tbody>
</table>

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

**The Lipper 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 product charges.

### 7-Day Yield* (as of 12/31/04)

<table>
<thead>
<tr>
<th>Portfolio Type</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Portfolio</td>
<td>1.95%</td>
</tr>
<tr>
<td>Average Money Market Fund**</td>
<td>1.40%</td>
</tr>
</tbody>
</table>

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

**Source: iMoneyNet, Inc. as of 12/28/04, based on the iMoneyNet Prime Retail Universe.
Natural Resources 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.

Annual Returns* (Class I Shares)

<table>
<thead>
<tr>
<th>Year</th>
<th>25.17%</th>
<th>20.69%</th>
<th>16.36%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>26.92%</td>
<td>30.88%</td>
<td>45.99%</td>
</tr>
<tr>
<td>5 Years</td>
<td>37.66%</td>
<td>18.92%</td>
<td>39.00%</td>
</tr>
<tr>
<td>10 Years</td>
<td>25.17%</td>
<td>20.69%</td>
<td>16.36%</td>
</tr>
</tbody>
</table>

Best Quarter
24.94% (2nd quarter of 1999)
Worst Quarter
-21.60% (4th quarter of 1997)

* 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 12/31/04)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>25.17%</td>
<td>20.69%</td>
<td>16.36%</td>
</tr>
<tr>
<td>S&amp;P 500 Index**</td>
<td>10.87%</td>
<td>-2.30%</td>
<td>12.07%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) Natural Resources Funds Average***</td>
<td>20.32%</td>
<td>12.73%</td>
<td>9.98%</td>
</tr>
</tbody>
</table>

*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 Index)--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 Lipper 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 product charges.
Small Capitalization Stock 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.

**Annual Returns** (Class I Shares)

![Annual Returns Chart]

<table>
<thead>
<tr>
<th>Best Quarter</th>
<th>Worst Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.50% (4th quarter of 2001)</td>
<td>-20.61% (3rd quarter of 1998)</td>
</tr>
</tbody>
</table>

*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 12/31/04)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>Since Inception (4/25/95)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>22.04%</td>
<td>11.32%</td>
<td>13.59%</td>
</tr>
<tr>
<td>S&amp;P SmallCap 600 Index**</td>
<td>22.65%</td>
<td>11.60%</td>
<td>14.01%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) SmallCap Core Funds Average***</td>
<td>17.47%</td>
<td>7.82%</td>
<td>12.61%</td>
</tr>
</tbody>
</table>

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

**The Standard & Poor’s SmallCap 600 Index (S&P SmallCap 600 Index) is a capital-weighted index representing the aggregate market value of the common equity of 600 small company stocks. The S&P SmallCap 600 Index is an unmanaged index that includes the reinvestment of all dividends but does not reflect the payment of transaction costs and advisory fees associated with an investment in the Portfolio. 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 to the inception date of the Portfolio.

***The Lipper 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 product charges. The "Since Inception" return reflects the closest calendar month-end return to the inception date of the Portfolio.
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.

![Annual Returns* (Class I Shares)](chart)

<table>
<thead>
<tr>
<th>Best Quarter</th>
<th>Worst Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.44% (4th quarter of 1998)</td>
<td>-17.25% (3rd quarter of 2002)</td>
</tr>
</tbody>
</table>

* 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 12/31/04)

<table>
<thead>
<tr>
<th></th>
<th>1 Year</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class I Shares</td>
<td>10.45%</td>
<td>-2.50%</td>
<td>11.78%</td>
</tr>
<tr>
<td>S&amp;P 500 Index**</td>
<td>10.87%</td>
<td>-2.30%</td>
<td>12.07%</td>
</tr>
<tr>
<td>Lipper Variable Insurance Products (VIP) S&amp;P 500 Objective Funds Average***</td>
<td>10.35%</td>
<td>-2.64%</td>
<td>11.69%</td>
</tr>
</tbody>
</table>

*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 Index)--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 Lipper 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 product charges.
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.

Annual Returns* (Class I Shares)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>21.70%</td>
<td>21.74%</td>
<td>-2.38%</td>
<td>15.59%</td>
<td>28.07%</td>
<td>2.52%</td>
<td>-21.97%</td>
<td>16.31%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Best Quarter | Worst Quarter

<table>
<thead>
<tr>
<th></th>
<th>Class I Shares</th>
<th>Class II Shares</th>
<th>S&amp;P 500 Index**</th>
<th>Russell 1000 Value Index***</th>
<th>Lipper Variable Insurance Products (VIP) Large Cap Value Funds Average****</th>
<th>Lipper Variable Insurance Products (VIP) Multi Cap Value Funds Average****</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>16.31%</td>
<td>15.83%</td>
<td>10.87%</td>
<td>16.49%</td>
<td>11.53%</td>
<td>14.62%</td>
</tr>
<tr>
<td>5 Years</td>
<td>5.64%</td>
<td>N/A</td>
<td>-2.30%</td>
<td>5.27%</td>
<td>4.00%</td>
<td>5.42%</td>
</tr>
<tr>
<td>10 Years</td>
<td>11.33%</td>
<td>N/A</td>
<td>12.07%</td>
<td>13.83%</td>
<td>11.20%</td>
<td>11.18%</td>
</tr>
<tr>
<td>Since Class II Inception (5/14/01)</td>
<td>N/A</td>
<td>2.61%</td>
<td>0.84%</td>
<td>5.65%</td>
<td>2.53%</td>
<td>4.36%</td>
</tr>
</tbody>
</table>

* 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 12/31/04)

*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 Index)—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 to the inception date of the Portfolio.

***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. The "Since Inception" return reflects the closest calendar month-end return to the inception date of the Portfolio.

****The Lipper 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 product charges. The "Since Inception" return reflects the closest calendar month-end return to the inception date of the Portfolio.
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. Because Contract Charges are not included, the total fees and expenses that you will incur will be higher than the fees and expenses set forth in the following table. See the accompanying Contract prospectus for more information about Contract changes.

### CLASS I SHARES

**Annual Portfolio Operating Expenses**
(expenditures that are deducted from Portfolio assets)

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Shareholder Fees (paid directly from your investment)</th>
<th>Management Fees</th>
<th>Distribution (12b-1) Fees</th>
<th>Other Expenses</th>
<th>Total Annual Portfolio Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Balanced Portfolio</td>
<td>N/A</td>
<td>0.55%</td>
<td>None</td>
<td>.04%</td>
<td>.59%</td>
</tr>
<tr>
<td>Diversified Bond Portfolio</td>
<td>N/A</td>
<td>0.40%</td>
<td>None</td>
<td>.05%</td>
<td>.45%</td>
</tr>
<tr>
<td>Equity Portfolio</td>
<td>N/A</td>
<td>0.45%</td>
<td>None</td>
<td>.03%</td>
<td>.48%</td>
</tr>
<tr>
<td>Flexible Managed Portfolio</td>
<td>N/A</td>
<td>0.60%</td>
<td>None</td>
<td>.02%</td>
<td>.62%</td>
</tr>
<tr>
<td>Global Portfolio</td>
<td>N/A</td>
<td>0.75%</td>
<td>None</td>
<td>.09%</td>
<td>.84%</td>
</tr>
<tr>
<td>Government Income Portfolio</td>
<td>N/A</td>
<td>0.40%</td>
<td>None</td>
<td>.07%</td>
<td>.47%</td>
</tr>
<tr>
<td>High Yield Bond Portfolio</td>
<td>N/A</td>
<td>0.55%</td>
<td>None</td>
<td>.04%</td>
<td>.59%</td>
</tr>
<tr>
<td>Jennison Portfolio</td>
<td>N/A</td>
<td>0.60%</td>
<td>None</td>
<td>.04%</td>
<td>.64%</td>
</tr>
<tr>
<td>Money Market Portfolio</td>
<td>N/A</td>
<td>0.40%</td>
<td>None</td>
<td>.05%</td>
<td>.45%</td>
</tr>
<tr>
<td>Natural Resources Portfolio</td>
<td>N/A</td>
<td>0.45%</td>
<td>None</td>
<td>.06%</td>
<td>.51%</td>
</tr>
<tr>
<td>Small Capitalization Stock Portfolio</td>
<td>N/A</td>
<td>0.40%</td>
<td>None</td>
<td>.07%</td>
<td>.47%</td>
</tr>
<tr>
<td>Stock Index Portfolio</td>
<td>N/A</td>
<td>0.35%</td>
<td>None</td>
<td>.03%</td>
<td>.38%</td>
</tr>
<tr>
<td>Value Portfolio</td>
<td>N/A</td>
<td>0.40%</td>
<td>None</td>
<td>.04%</td>
<td>.44%</td>
</tr>
</tbody>
</table>
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. Because Contract Charges are not included, the total fees and expenses that you will incur will be higher than the example set forth in the following table. 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:

<table>
<thead>
<tr>
<th>CLASS I SHARES</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Balanced Portfolio</td>
<td>$60</td>
<td>$189</td>
<td>$329</td>
<td>$738</td>
</tr>
<tr>
<td>Diversified Bond Portfolio</td>
<td>46</td>
<td>144</td>
<td>252</td>
<td>567</td>
</tr>
<tr>
<td>Equity Portfolio</td>
<td>49</td>
<td>154</td>
<td>269</td>
<td>604</td>
</tr>
<tr>
<td>Flexible Managed Portfolio</td>
<td>63</td>
<td>199</td>
<td>346</td>
<td>774</td>
</tr>
<tr>
<td>Global Portfolio</td>
<td>86</td>
<td>268</td>
<td>466</td>
<td>1,037</td>
</tr>
<tr>
<td>Government Income Portfolio</td>
<td>48</td>
<td>151</td>
<td>263</td>
<td>591</td>
</tr>
<tr>
<td>High Yield Bond Portfolio</td>
<td>60</td>
<td>189</td>
<td>329</td>
<td>738</td>
</tr>
<tr>
<td>Jennison Portfolio</td>
<td>65</td>
<td>205</td>
<td>357</td>
<td>798</td>
</tr>
<tr>
<td>Money Market Portfolio</td>
<td>46</td>
<td>144</td>
<td>252</td>
<td>567</td>
</tr>
<tr>
<td>Natural Resources Portfolio</td>
<td>52</td>
<td>164</td>
<td>285</td>
<td>640</td>
</tr>
<tr>
<td>Small Capitalization Stock Portfolio</td>
<td>48</td>
<td>151</td>
<td>263</td>
<td>591</td>
</tr>
<tr>
<td>Stock Index Portfolio</td>
<td>39</td>
<td>122</td>
<td>213</td>
<td>480</td>
</tr>
<tr>
<td>Value Portfolio</td>
<td>45</td>
<td>141</td>
<td>246</td>
<td>555</td>
</tr>
</tbody>
</table>
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.

Conservative Balanced Portfolio

The investment objective of this Portfolio is to seek a total investment return consistent with a conservatively managed diversified portfolio. While we make every effort to achieve our objective, we can’t guarantee success and it is possible that you could lose money.

We invest in equity, debt and money market securities in order to achieve diversification. We seek to maintain a conservative blend of investments that will have strong performance in a down market and solid, but not necessarily outstanding, performance in up markets. This Portfolio may be appropriate for an investor looking for diversification with less risk than that of the Flexible Managed Portfolio, while recognizing that this reduces the chances of greater appreciation.

Under normal conditions, we will invest within the ranges shown below:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Minimum</th>
<th>Normal</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>15%</td>
<td>50%</td>
<td>75%</td>
</tr>
<tr>
<td>Debt obligations and money market securities</td>
<td>25%</td>
<td>50%</td>
<td>85%</td>
</tr>
</tbody>
</table>

The equity portion of the Portfolio is generally managed as an index fund, designed to perform similarly to the holdings of the Standard & Poor’s 500 Composite Stock Price Index. For more information about the index and index investing, see the investment summary for Stock Index Portfolio included in this prospectus.

Debt securities are basically written promises to repay a debt. There are numerous types of debt securities which vary as to the terms of repayment and the commitment of other parties to honor the obligations of the issuer. Most of the securities in the debt portion of this Portfolio will be rated “investment grade.” This means major rating services, like Standard & Poor’s Ratings Group (S&P) or Moody’s Investors Service, Inc. (Moody’s), have rated the securities within one of their four highest rating categories. The Portfolio also invests in high quality money market instruments.

The Portfolio may invest in lower-rated securities, which are riskier and are considered speculative. These securities are sometimes 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. The Portfolio’s investment in debt securities may include investments in mortgage-related securities.

The Portfolio may invest up to 30% of its total assets in foreign equity and debt securities that are not denominated in the U.S. dollar. Up to 20% of the Portfolio’s total assets may be invested in debt securities that are issued outside the U.S. by foreign or U.S. issuers, provided the securities are denominated in U.S. dollars. For these purposes, we do not consider American Depositary Receipts (ADRs) as foreign securities.

We may also invest in fixed and floating rate loans (secured or unsecured) arranged through private negotiations between a corporation which is the borrower and one or more financial institutions that are the lenders. Generally, these types of investments are in the form of loans or assignments.

The Portfolio may invest in asset-backed securities. Up to 5% of the Portfolio’s assets may also be invested in collateralized debt obligations (CDOs) and other credit-related asset-backed securities.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
- Purchase and sell options on equity securities, debt securities, stock indexes and foreign currencies
- Purchase and sell exchange-traded fund shares
- Purchase and sell stock index, interest rate, interest rate swap and foreign currency futures contracts and options on those contracts
- Forward foreign currency exchange contracts
- Purchase securities on a when-issued or delayed delivery basis.
- Short sales. No more than 25% of the Portfolio’s net assets may be used as collateral or segregated for purposes of securing a short sale obligation. The Portfolio may also enter into short sales against-the-box.
-Swap agreements; including interest rate, credit default, currency exchange rate and total return swaps. The Portfolio may also invest in options on swaps.
- Credit-linked securities,, which may be linked to one or more underlying credit default swaps. No more than 5% of the Portfolio’s assets may be invested in credit default swaps or credit-linked securities.
- Repurchase Agreements. The Portfolio may participate with certain other Portfolios of the Fund and other affiliated funds in a joint repurchase account under an order obtained from the SEC.
- Equity and/or debt securities issued by Real Estate Investment Trusts (REITs).
- Reverse repurchase agreements and dollar rolls in the management of the fixed-income portion of the Portfolio. The Portfolio will not use more than 30% of its net assets in connection with reverse repurchase transactions and dollar rolls.

In response to adverse market conditions or when restructuring the Portfolio, we may temporarily invest up to 100% of the Portfolio’s total assets in money market instruments. Investing heavily in these securities limits our ability to achieve our investment objective, but can help to preserve the value of the Portfolio’s assets when the markets are unstable.

The equity Portfolio is managed by Quantitative Management Associates LLC and the fixed income and money market portions of the Portfolio are managed by Prudential Investment Management, Inc. Prior to July 1, 2004, the entire Portfolio was managed by Prudential Investment Management, Inc.

Diversified Bond Portfolio

The investment objective of this Portfolio is a high level of income over a longer term while providing reasonable safety 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.

To achieve our objective, we normally invest at least 80% of the Portfolio's investable assets in intermediate and long term debt obligations that are rated investment grade and high quality money market instruments. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

In general, the value of debt obligations moves in the opposite direction as interest rates--if a bond is purchased and then interest rates go up, newer bonds will be worth more relative to existing bonds because they will have a higher rate of interest. We will adjust the mix of the Portfolio's short-term, intermediate and long-term debt obligations in an attempt to benefit from price appreciation when interest rates go down and to incur smaller declines when interest rates go up.

Investment grade debt securities are those that major rating services, like Standard and Poor’s Ratings Group (S&P) or Moody’s Investor Service, Inc. (Moody’s), have rated the securities within one of their four highest rating categories. The Portfolio may continue to hold a debt obligation if it is downgraded below investment grade after it is purchased or if it is no longer rated by a major rating service. We may also invest up to 20% of the Portfolio’s investable assets in lower rated securities which are riskier and considered speculative. These securities are sometimes 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. Debt obligations are basically written promises to repay a debt. The terms of repayment vary among the different types of debt obligations, as do the commitments of other parties to honor the obligations of the issuer of the security. The types of debt obligations in which we can invest include U.S. Government securities, mortgage-related securities, asset-backed securities, and corporate bonds.

The Portfolio may invest without limit in debt obligations issued or guaranteed by the U.S. Government and government-related entities. An example of a debt security that is backed by the full faith and credit of the U.S. Government is an obligation of the Government National Mortgage Association (Ginnie Mae). In addition, we may invest in U.S. Government securities issued by other government entities, like the Federal National Mortgage Association (Fannie Mae) and the Student Loan Marketing Association (Sallie Mae) which are not backed by the full faith and credit of the U.S. Government. Instead, these issuers have the right to borrow from the U.S. Treasury to meet their obligations. The Portfolio may also invest in the debt securities of other government-related entities, like the Farm Credit System, which depend entirely upon their own resources to repay their debt.
We may invest up to 20% of the Portfolio’s total assets in debt securities issued outside the U.S. by U.S. or foreign issuers whether or not such securities are denominated in the U.S. dollar.

The Portfolio may also invest in convertible debt and convertible and preferred stocks and non-convertible preferred stock of any rating. The Portfolio will not acquire any common stock except by converting a convertible security or exercising a warrant. No more than 10% of the Portfolio’s total assets will be held in common stocks, and those will usually be sold as soon as a favorable opportunity arises. The Portfolio may lend its portfolio securities to brokers, dealers and other financial institutions to earn income.

We may also invest in loans or assignments arranged through private negotiations between a corporation which is the borrower and one or more financial institutions that are the lenders.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- **Collateralized debt obligations (CDOs)** and other credit-related asset-backed securities. No more than 5% of the Portfolio’s assets may be invested in CDO’s.
- Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
- Purchase and sell options on debt securities and financial indexes; purchase and sell interest rate and interest rate swap futures contracts and options on those contracts.
- **Forward foreign currency exchange contracts;** and purchase securities on a when-issued or delayed delivery basis.
- **Short sales.** No more than 25% of the Portfolio’s net assets may be used as collateral or segregated for purposes of securing a short sale obligation. The Portfolio may also enter into short sales against-the-box.
- **Swap agreements;** including interest rate, credit default, currency exchange rate and total return swaps. The Portfolio may also invest in option swaps.
- **Credit-linked securities,** which may be linked to one or more underlying credit default swaps.
- **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 also invest up to 30% of its net assets in reverse repurchase agreements and dollar rolls. The Portfolio will not use more than 30% of its net assets in connection with reverse repurchase transactions and dollar rolls.

Under normal conditions, the Portfolio may invest a portion of its assets in high-quality money market instruments. In response to adverse market conditions or when 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 value of the Portfolio’s assets when the markets are unstable.

The Portfolio is managed by Prudential Investment Management, Inc.

**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.

We normally invest at least 80% of the Portfolio’s investable assets in common stock of major established companies (over $5 billion in market capitalization) 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.”

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.

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.

We may also pursue the following types of investment strategies and/or invest in the following types of securities:
• Alternative investment strategies — including **derivatives** — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
• 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.
• **Forward foreign currency exchange contracts**
• Purchase securities on a **when-issued or delayed delivery** basis.
• **Short sales against-the-box.**
• **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.
• Equity and/or debt securities of **Real Estate Investment Trusts (REITs).**

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.

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.

**Flexible Managed Portfolio**

The investment objective of this Portfolio is to seek a **high total return consistent with an aggressively managed diversified portfolio.** While we make every effort to achieve our objective, we can’t guarantee success and it is possible that you could lose money.

We invest in a mix of equity and equity-related securities, debt obligations and money market instruments. We adjust the percentage of Portfolio assets in each category depending on our expectations regarding the different markets.

We invest in equity, debt and money market securities — in order to achieve diversification in a single Portfolio. We seek to maintain a more aggressive mix of investments than the Conservative Balanced Portfolio. This Portfolio may be appropriate for an investor looking for diversification who is willing to accept a relatively high level of loss in an effort to achieve greater appreciation.

Generally, we will invest within the ranges shown below:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Minimum</th>
<th>Normal</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>25%</td>
<td>60%</td>
<td>100%</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>0%</td>
<td>40%</td>
<td>75%</td>
</tr>
</tbody>
</table>

The equity portion of the Fund is generally managed under an “enhanced index style.” Under this style, the portfolio managers utilize a quantitative approach in seeking to out-perform the Standard & Poor’s 500 Composite Stock Price Index and to limit the possibility of significantly under-performing that index.

The stock portion of the Portfolio will be invested in a broadly diversified portfolio of stocks generally consisting of large and mid-size companies, although it may also hold stocks of smaller companies. We will invest in companies and industries that, in our judgment, will provide either attractive long-term returns, or are desirable to hold in the Portfolio to manage risk.

Most of the securities in the fixed income portion of this Portfolio will be investment grade. However, we may also invest up to 25% of this portion of the Portfolio in debt securities rated as low as BB, Ba or lower by a major rating service at the time they are purchased. These high-yield or “junk bonds” are riskier and considered speculative. We may also invest in instruments that are not rated, but which we believe are of comparable quality to the instruments described above. The fixed income portion of the Portfolio may also include loans and assignments in the form of loan participations, mortgage-related securities and other asset-backed securities.

The Portfolio may also invest up to 30% of its total assets in foreign equity and debt securities that are not denominated in the U.S. dollar. In addition, up to 20% of the Portfolio’s total assets may be invested in debt securities that are issued outside of the U.S. by foreign or U.S. issuers provided the securities are denominated in U.S. dollars. For these purposes, we do not consider American Depositary Receipts (ADRs) as foreign securities.

We may also pursue the following types of investment strategies and/or invest in the following types of securities:

• **Real Estate Investment Trusts (REITs).**
• **Collateralized debt obligations (CDOs)** and other credit-related asset-backed securities (up to 5% of the Portfolio’s assets may be invested in these instruments).

• Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.

• Purchase and sell options on equity securities, debt securities, stock indexes, and foreign currencies.

• Purchase and sell exchange-traded fund shares.

• Purchase and sell stock index, interest rate, interest rate swap and foreign currency futures contracts and options on those contracts.

• **Forward foreign currency exchange contracts.**

• Purchase securities on a when-issued or delayed delivery basis.

• **Short sales.** No more than 25% of the Portfolio’s net assets may be used as collateral or segregated for purposes of securing a short sale obligation. The Portfolio may also enter into short sales against-the-box.

• Swap agreements; including interest rate, credit default, currency exchange rate and total return swaps. The Portfolio may also invest in option swaps.

• **Credit-linked securities**, which may be linked to one or more underlying credit default swaps. No more than 5% of the Portfolio’s assets may be invested in credit default swaps or credit-linked securities.

• **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. We may also invest in reverse repurchase agreements and dollar rolls in the management of the fixed-income portion of the Portfolio. The Portfolio will not use more than 30% of its net assets in connection with reverse repurchase transactions and dollar rolls.

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.

The stock portion of the Portfolio is managed by Quantitative Management Associates LLC and the fixed income portion of the Portfolio is managed by Prudential Investment Management, Inc. Prior to July 1, 2004, the entire Portfolio was managed by Prudential Investment Management, Inc.

**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.

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.

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 foreign country (The 35% limitation does not apply to U.S investments).

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

• Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.

• 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.

• **Forward foreign currency exchange contracts.**

• Purchase securities on a when-issued or delayed delivery basis.

• **Equity swaps.** The Portfolio may also lend its portfolio securities to brokers, dealers and other financial institutions to earn income.

• **Short sales against-the-box.**

• **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.

• Equity and/or debt securities issued by Real Estate Investment Trusts (REITs).
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.

The Portfolio is managed by Jennison Associates LLC.

Government Income Portfolio

The investment objective of this Portfolio is a high level of income over the longer term consistent with the preservation 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.

Normally, we invest at least 80% of the Portfolio's investable assets in U.S. Government securities, which include Treasury securities, obligations issued or guaranteed by U.S. Government agencies and instrumentalities and mortgage-related securities issued by U.S. Government instrumentalities. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.

U.S. Government securities are considered among the most creditworthy of debt securities. Because they are generally considered less risky, their yields tend to be lower than the yields from corporate debt. Like all debt securities, the values of U.S. Government securities will change as interest rates change.

The Portfolio may normally invest up to 20% of its investable assets in (i) money market instruments, (ii) asset-backed securities rated at least single A by Moody’s or S&P (or if unrated, of comparable quality in our judgment) and (iii) subject to a limit of 10% of its investable assets and as long as such securities are rated at least single A by Moody’s or S&P (or if unrated, of comparable quality in our judgment), foreign securities (including securities issued by foreign governments, supranational organizations or non-governmental foreign issuers such as banks or corporations) denominated in U.S. dollars or in foreign currencies which may or may not be hedged to the U.S. dollar. The Portfolio may invest up to 15% of its net assets in zero coupon bonds.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
- Purchase and sell options on debt securities and financial indexes.
- Purchase and sell domestic and foreign interest rate and interest rate swap futures contracts and options on these futures contracts; and purchase securities on a when-issued or delayed delivery basis.
- Short sales. No more than 25% of the Portfolio’s net assets may be used as collateral or segregated for purposes of securing a short sale obligation. The Portfolio may also enter into short sales against-the-box.
- Swap agreements, including interest rate, credit-default, total return and index swaps. The Portfolio may also invest in options on swaps.
- Forward foreign currency exchange contracts and foreign currency futures contracts.
- 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.
- Reverse repurchase agreements and dollar rolls (the Portfolio may invest up to 30% of its assets in these instruments).

The Portfolio may invest up to 100% of its assets in money market instruments in response to adverse market conditions or when restructuring the Portfolio. Investing heavily in these securities limits our ability to achieve capital appreciation, but can help to preserve the Portfolio’s assets when the markets are unstable. The Portfolio may lend its portfolio securities to brokers, dealers and other financial institutions to earn income.

The Portfolio is managed by Prudential Investment Management, Inc.

High Yield Bond 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.

We invest primarily in high yield/high risk debt securities, which are often referred to as high yield bonds or “junk bonds.” High yield bonds and junk bonds are riskier than higher rated bonds and are considered speculative. Normally, we will invest at least 80% of the Portfolio’s investable assets in medium to lower rated debt securities. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners.
Lower rated and comparable unrated securities tend to offer better yields than higher rated securities with the same maturities because the issuer’s financial condition may not have been as strong as that of higher rated issuers. Changes in the perception of the creditworthiness of the issuers of lower rated securities tend to occur more frequently and in a more pronounced manner than for issuers of higher rated securities.

The Portfolio may invest up to 20% of its total assets in U.S. dollar denominated debt securities issued outside the U.S. by foreign and U.S. issuers.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- **Common stock, debt securities and convertible debt and preferred stock.**
- **Loans or assignments** arranged through private negotiations between a corporation which is the borrower and one or more financial institutions that are the lenders.
- **Asset-backed securities.**
- **Collateralized debt obligations (CDOs)** and other credit-related asset-backed securities. No more than 5% of the Portfolio’s assets may be invested in CDO’s.
- Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
- Purchase and sell options on debt securities.
- Purchase and sell interest rate and interest rate swap futures contracts and options on these futures contracts.
- Purchase securities on a when-issued or delayed delivery basis.
- PIK bonds.
- **Short sales.** No more than 25% of the Portfolio’s net assets may be used as collateral or segregated for purposes of securing a short sale obligation. The Portfolio may also enter into short sales against-the-box.
- Swap agreements; including interest rate, credit default, currency exchange rate and total return swaps. The Portfolio may also invest in options on swaps.
- Credit-linked securities, which may be linked to one or more underlying credit default swaps.
- **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.
- Reverse repurchase agreements and dollar rolls (up to 30% of the Portfolio’s assets may be invested in these instruments).

Under normal circumstances, the Portfolio may invest in 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.

The Portfolio is managed by Prudential Investment Management, Inc.

**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.

We normally invest at least 65% of the Portfolio’s total assets in equity-related securities of companies that exceed $1 billion in market capitalization at the time of investment and that we believe have above-average growth prospects. We may also 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.

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.

In addition to common stocks and preferred stocks, 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.
The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- **Alternative investment strategies** — including **derivatives** — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
- 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.
- **Forward foreign currency exchange contracts.**
- Purchase securities on a when-issued or delayed delivery basis.
- **Equity swap** agreements.
- **Short sales against-the-box.**
- **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.
- Equity and/or debt securities issued by **Real Estate Investment Trusts (REITs).**

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.

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.

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.

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 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.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- Purchase securities on a when-issued or delayed delivery basis.
- 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.
- Reverse repurchase agreements (the Portfolio may invest up to 10% of its net assets in these instruments).

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.

Natural Resources 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.

We normally invest at least 80% of the Portfolio’s investable assets in common stocks and convertible securities of natural resource companies and in securities that are related to the market value of some natural resource (asset-indexed securities). The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners. Natural resource companies are companies that primarily own, explore, mine, process or otherwise develop natural resources, or supply goods and services to such companies. Natural resources generally include precious metals, such as gold, silver and platinum, ferrous and nonferrous metals, such as iron, aluminum and copper, strategic metals such as uranium and titanium, hydrocarbons such as coal and oil, timberland, undeveloped real property and agricultural commodities. We seek securities that are attractively priced as compared to the intrinsic value of the underlying natural resource or securities of companies in a position to benefit from current or expected economic conditions.

Depending on prevailing trends, we may shift the Portfolio’s focus from one natural resource to another, however, we will not invest more than 25% of the Portfolio’s total assets in a single natural resource industry.

The Portfolio is a non-diversified mutual fund portfolio. This means that the Portfolio may invest a relatively high percentage of its assets in a small number of issuers. As a result, the Portfolio’s performance may be more clearly tied to the success or failure of a smaller group of Portfolio holdings. There are additional risks associated with the Portfolio’s investment in the securities of natural resource companies. The market value of the securities may be affected by numerous factors, including events occurring in nature, inflationary pressures, and international politics.

When acquiring asset-indexed securities, we usually will invest in obligations rated at least BBB by Moody’s or Baa by S&P (or, if unrated, of comparable quality in our judgment). However, we may invest in asset-indexed securities rated as low as CC by Moody’s or Ca by S&P or in unrated securities of comparable quality. These high-risk or “junk bonds” are considered speculative.

The Portfolio may also acquire asset-indexed securities issued in the form of commercial paper provided they are rated at least A-2 by S&P or P-2 by Moody’s (or, if unrated, of comparable quality in our judgment).

The Portfolio may invest up to 20% of its investable assets in securities that are not asset-indexed or natural resource related. These holdings may include common stocks, convertible stock, debt securities and money market instruments. When acquiring debt securities, we usually will invest in obligations rated A or better by S&P or Moody’s (or, if unrated, of comparable quality in our
judgment). However, we may invest in debt securities rated as low as CC by Moody’s or Ca by S&P or in unrated securities of comparable quality.

Up to 30% of the Portfolio’s total 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.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
- 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.
- Forward foreign currency exchange contracts.
- Purchase securities on a when-issued or delayed delivery basis.
- Short sales against-the-box.
- 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.

Under normal circumstances, the Portfolio may invest up to 20% of its investable assets in money market instruments. 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.

The Portfolio is managed by Jennison Associates LLC.

Small Capitalization Stock 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.

We attempt to achieve the investment results of the Standard & Poor’s Small Capitalization 600 Stock Index (S&P SmallCap 600 Index), a market-weighted index which consists of 600 smaller capitalization U.S. stocks. Normally we do this by investing at least 80% of the Portfolio’s investable assets in all or a representative sample of the stocks in the S&P SmallCap 600 Index. The Portfolio will not change this policy unless it provides 60 days prior written notice to contract owners. Because the Portfolio seeks to achieve the performance of a stock index, the Portfolio is not “managed” in the traditional sense of using market and economic analyses to select stocks.

The market capitalization of the companies that make up the S&P SmallCap 600 Index may change from time to time — as of December 31, 2004, the S&P SmallCap 600 Index stocks had market capitalizations of between $69 million and $4.89 billion. They are selected for market size, liquidity and industry group. The S&P SmallCap 600 Index has above-average risk and may fluctuate more than the S&P 500 Index.

The Portfolio may also hold cash or cash equivalents, in which case its performance will differ from that of the Index.

We attempt to minimize these differences 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 to try to improve the Portfolio’s returns or for short-term cash management. The Portfolio may lend its portfolio securities to brokers, dealers and other financial institutions to earn income. 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.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- Purchase and sell options on equity securities and stock indexes.
- Purchase and sell stock index futures contracts and options on those futures contracts.
- Purchase and sell exchange-traded fund shares.
- Purchase securities on a when-issued or delayed delivery basis.
- 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.
- **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 is managed by Quantitative Management Associates LLC. Prior to July 1, 2004, the Portfolio was managed by Prudential Investment Management, Inc.

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**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.

To achieve our objective, we use the performance of the Standard & Poor's 500 Composite Stock Price Index (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 Standard & Poor's 500 Composite Stock Price Index. The S&P 500 Index is a market-weighted index which represents more than 70% of the market value of all publicly-traded common stocks.

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.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- Purchase and sell **options** on stock indexes.
- Purchase and sell stock **futures contracts** and options on those futures contracts.
- Purchase and sell exchange-traded fund shares.
- **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.
- **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.
- Equity and/or debt securities issued by **Real Estate Investment Trusts (REITs).**

The Portfolio is managed by Quantitative Management Associates LLC. Prior to July 1, 2004, the Portfolio was managed by Prudential Investment Management, Inc.

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**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.
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 combine a set of quantitative screens with fundamental research to invest in companies that are undervalued in the market and have identifiable catalysts that may be able to close the gap between the stock price and what we believe to be the true worth of the company. 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.

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) subsequent events invalidate our investment thesis; (3) the catalysts we expected to narrow the gap between the stock price and what we believe to be the true worth of the company have passed or no longer exist; or (4) the stock price declines to below what we had thought to be the reasonable worst-case scenario.

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 (ADR) as foreign securities.

The Portfolio may also pursue the following types of investment strategies and/or invest in the following types of securities:

- Alternative investment strategies — including derivatives — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.
- Swap agreements, including interest rate and equity swaps.
- 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.
- Forward foreign currency exchange contracts.
- Purchase securities on a when-issued or delayed delivery basis.
- Short sales and short sales against-the-box.
- 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.
- Equity and/or debt securities issued by Real Estate Investment Trusts (REITs).

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.

The Portfolio is managed by Jennison Associates LLC.

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MORE DETAILED INFORMATION ABOUT OTHER INVESTMENTS AND STRATEGIES USED BY THE PORTFOLIOS

As indicated in the descriptions of the Portfolios above, we may invest in the following types of securities and/or use the following investment strategies to increase a Portfolio’s return or protect its assets if market conditions warrant.

**American Depositary Receipts (ADRs)** — 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** — 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 Mae) 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.

**Private Investments in Public Equity (PIPs)** — A PIPE is an equity security in a private placement that are issued by issuers who have outstanding, publicly-traded equity securities of the same class. Shares in PIPs generally are not registered with the SEC until after a certain time period from the date the private sale is completed. This restricted period can last many months. Until the public registration process is completed, PIPs are restricted as to resale and the Fund cannot freely trade the securities. Generally, such restrictions cause the PIPs to be illiquid during this time. PIPs may contain provisions that the issuer will pay specified financial penalties to the holder if the issuer does not publicly register the restricted equity securities within a specified period of time, but there is no assurance that the restricted equity securities will be publicly registered or that the registration will remain in effect.

**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 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 Goldman Sachs Small Cap Value Portfolio may each borrow up to 33% 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 Statement of Additional Information (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, 2004, 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 $94 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 2004 for each of the Fund’s Portfolios.

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Total advisory fees as % of average net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Balanced</td>
<td>0.55</td>
</tr>
<tr>
<td>Diversified Bond</td>
<td>0.40</td>
</tr>
<tr>
<td>Equity</td>
<td>0.45</td>
</tr>
<tr>
<td>Flexible Managed</td>
<td>0.60</td>
</tr>
<tr>
<td>Global</td>
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<tr>
<td>Government Income</td>
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</tr>
<tr>
<td>High Yield Bond</td>
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</tr>
<tr>
<td>Jennison</td>
<td>0.60</td>
</tr>
<tr>
<td>Money Market</td>
<td>0.40</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>0.45</td>
</tr>
<tr>
<td>Small Capitalization Stock</td>
<td>0.40</td>
</tr>
<tr>
<td>Stock Index</td>
<td>0.35</td>
</tr>
<tr>
<td>Value</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Investment Subadvisers

Each Portfolio has one or more subadvisers providing the day-to-day investment management of the Portfolio. PI pays each subadviser out of the fee that PI receives from the Fund.

**Jennison Associates LLC (Jennison)** serves as the subadviser for the following Portfolios:
- Global Portfolio
- Natural Resources Portfolio
- Jennison Portfolio
- Value Portfolio
- Equity Portfolio (portion)

Jennison is an indirect, wholly-owned subsidiary of Prudential Financial, Inc. As of December 31, 2004, Jennison had approximately $64 billion in assets under management for institutional and mutual fund clients. The address of Jennison is 466 Lexington Avenue, New York, New York 10017.

**Prudential Investment Management, Inc. (PIM)** serves as the subadviser for the following Portfolios:
- Conservative Balanced Portfolio (portion)
- Diversified Bond Portfolio
- Flexible Managed Portfolio (portion)
- Government Income Portfolio
- High Yield Bond Portfolio
- Money Market Portfolio

PIM is a wholly owned subsidiary of Prudential Financial, Inc. As of December 31, 2004, PIM had approximately $200 billion in assets under management. The address of PIM is Gateway Center Two, 100 Mulberry Street, Newark, New Jersey 07102.

**Quantitative Management Associates LLC (QMA)** serves as the subadviser for the following Portfolios:
- Conservative Balanced Portfolio (portion)
- Flexible Managed Portfolio (portion)
- Small Capitalization Stock Portfolio
- Stock Index Portfolio

QMA is a wholly owned indirect subsidiary of Prudential Investment Management, Inc. (PIM). As of December 31, 2004, QMA had approximately $52 billion in assets under management. The address of QMA is Gateway Center Two, 100 Mulberry Street, Newark, New Jersey 07102.

**GE Asset Management Incorporated (GEAM)** serves as the subadvisor to approximately 25% of the Equity Portfolio. GEAM’s ultimate parent is General Electric Company. As of December 31, 2004, GEAM oversees in excess of $178 billion under management. The address of GEAM is 3001 Summer Street, Stamford, Connecticut 06904.

**Salomon Brothers Asset Management Inc (SaBAM)** serves as a subadviser for a portion of the assets of the Equity Portfolio. SaBAM was established in 1988 and together with affiliates in London, Tokyo and Hong Kong, provides a broad range of fixed income management services.
income and equity investment services to individuals and institutional clients throughout the world. SaBAM is a wholly-owned subsidiary of Citigroup, Inc. As of December 31, 2004, SaBAM managed over $79.9 billion in total assets. SaBAM’s principal address is 399 Park Avenue, New York, New York 10022.

Portfolio Managers

The Statement of Additional Information (SAI) provides additional information about each Portfolio Manager's compensation, other accounts managed by each Portfolio Manager, and each Portfolio Manager's ownership of shares of the Fund's Portfolios.

Conservative Balanced Portfolio and Flexible Managed Portfolio

Fixed-Income Segments

Kay T. Willcox and Malcolm Dalrymple of PIM’s Fixed Income Group manage the fixed income segments of the Portfolios.

Kay T. Willcox, Principal, has managed the fixed income portion of the Portfolios since 1999. She is also portfolio manager for Prudential Fixed Income’s Core Fixed Income Strategy and is a mortgage portfolio manager. Formerly, Ms. Willcox managed a segment of The Prudential Insurance Company of America's proprietary portfolio and mutual fund fixed income portfolios, and handled mortgage-backed security analysis and trading. Ms. Willcox joined Prudential Financial in 1987. She has 22 years investment experience.

Malcolm Dalrymple, Principal, has managed the fixed income portion of the Portfolios with Ms. Willcox since 1999. He is also a portfolio manager for Structured and Short Maturity Strategies and is a corporate bond portfolio manager. He has specialized in corporate bonds since 1990. Earlier, he was a money markets portfolio manager. He joined Prudential Financial in 1979 as a securities lending trader and a bank analyst. Mr. Dalrymple has 21 years investment experience.

Equity Segments

Margaret Stumpp, John Moschberger, and Michael Lenarcic are primarily responsible for the day-to-day management of the equity portion of the Conservative Balanced Portfolio.

Margaret S. Stumpp, PhD is the Chief Investment Officer of Quantitative Management Associates (QMA). She is portfolio manager for enhanced equity index portfolios for institutional investors and mutual fund clients. Maggie is extensively involved in quantitative research in asset allocation, security selection and portfolio construction for Quantitative Management Associates. Prior to joining the firm, Maggie was employed by the AT&T Treasury department and by Price Waterhouse as a senior consultant. In both positions, she was responsible for providing expert testimony on economic and financial matters. She has published articles on finance and economics in numerous publications, including, The Financial Analysts Journal, The Journal of Portfolio Management, The Journal of Investment Management and Award Papers in Public Utility Economics. Maggie earned a BA cum laude with distinction in Economics from Boston University, and holds an AM and PhD in Economics from Brown University. She has managed the Conservative Balanced Portfolio since June of 1998.

John W. Moschberger, CFA is Managing Director for Quantitative Management Associates (QMA). He manages the Dryden Stock Index Fund and its corresponding variable life and annuity portfolio, the Prudential Series Fund - Stock Index Portfolio. John also manages both retail and institutional account portfolios benchmarked against the S&P 500, Russell 2000, Topix, MSCI EAFE, and MSCI Kokusai. He is also responsible for trading foreign and domestic equities, foreign exchange and derivative instruments. Previously, John was a research analyst with Prudential Equity Management Associates. He joined Prudential Financial in 1980. John earned a BS in Finance from the University of Delaware, and an MBA from Fairleigh Dickinson University. He has managed the Portfolio since 1998.

Michael A. Lenarcic, PhD is Managing Director for Quantitative Management Associates (QMA). He manages single client accounts - including a large public employee retirement fund - and co-manages two commingled balanced portfolios. Previously, Mike was a vice president at Wilshire Associates, a leading pension consulting firm, where he was head of the Asset Allocation Division. In this capacity, he worked with plan sponsors and investment managers in the selection of appropriate investment policies. Earlier, Mike was an assistant professor at Northeastern University where he taught Finance and Economics. He earned a BA in Business Administration from Kent State University, and holds an AM and PhD in Business Economics from Harvard University. He has managed the Portfolio since 2000.
Dr. Stumpp and James Scott are primarily responsible for the day-to-day management of the equity portion of the Flexible Managed Portfolio. The background of Dr. Stumpp is discussed above. She has managed the Flexible Managed Portfolio since May of 2000.

James H. Scott, PhD is President of Quantitative Management Associates (QMA). QMA provides equity and balanced portfolios for institutional retail clients worldwide. Jim also co-heads the Quantitative Core Equity team, managing portfolios against various global, regional and country benchmarks. Prior to joining the predecessor of QMA, Jim was a professor and head of the Finance Department at Columbia University Graduate School of Business. His academic career included positions at Stanford University, University of Wisconsin-Milwaukee, and Carnegie Mellon University. During this period, Jim also served as a consultant, corporate director, mutual fund trustee, and research fellow at the Federal Reserve Bank of Cleveland. He has written numerous articles that have appeared in the Journal of Portfolio Management, the Journal of Finance, and the Financial Analysts Journal, among other publications. Jim is a cum laude graduate from Rice University where he holds a BA in Economics. He holds a Masters and PhD in Economics from Carnegie Mellon University. He serves on the Business Board of Advisors for the Tepper School of Business at Carnegie Mellon University, and is a Director of the Institute for Quantitative Research in Finance, and Chair of its Research Committee. He is also a member of the Board of Editors of the Financial Analyst Journal and of the Journal of Investment Management. He has managed the Portfolio since 2000.

**Diversified Bond Portfolio**

Steven Kellner, Robert Tipp, and David Bessey of the PIM Fixed Income Group are primarily responsible for the day-to-day management of the Portfolio.

Steven Kellner, CFA, is Managing Director and Head of Credit Related Strategies, including US Investment Grade Corporate Bonds, High Yield, Emerging Markets, and Bank Loans. He also is a senior portfolio manager for Investment Grade Corporate Bonds and is co-portfolio manager for Core Plus strategies. He has managed the Diversified Bond Portfolio since 1999. Previously, Mr. Kellner managed US corporate bonds for Prudential Financial’s proprietary fixed income portfolios. He joined Prudential Financial in 1986 and has 19 years investment experience.

Robert Tipp, CFA, Chief Investment Strategist, has managed the Portfolio since 2003. He has supervisory responsibility for portfolio managers who manage mutual funds and institutional client accounts in the U.S. Liquidity (U.S. governments and mortgages), Money Market, Municipal Bond, and Global Bond sectors. He is also portfolio manager for asset liability strategies and a co-portfolio manager of Core Plus, Government, and global bond strategies. Previously, Mr. Tipp served as co-head of Prudential Financial’s institutional fixed income business. Before joining Prudential Financial in 1991, Mr. Tipp was a Director in the Portfolio Strategies Group at First Boston Corporation. Prior to that, he was a senior analyst at the Allstate Research & Planning Center, and managed fixed income and equity derivative strategies at Wells Fargo Investment Advisors. Mr. Tipp has 21 years investment experience.

David Bessey is Managing Director and Head of the Emerging Markets team. Mr. Bessey is also co-portfolio manager for all Core Plus Fixed Income strategies and specializes in the utility and emerging markets sectors for the High Yield Team. He has managed the Diversified Bond Portfolio since 2004. From 1994 to 1999, Mr. Bessey was a senior portfolio manager for emerging markets portfolios and US investment grade assets. Previously, he developed asset allocation strategies for insurance portfolios and managed Prudential Financial’s long-term funding book. Mr. Bessey joined Prudential Financial in 1989 and has 15 years investment experience.

**Equity Portfolio**

Jennison typically follows a team approach in the management of its portfolios, while preserving individual accountability with respect to a particular portfolio. The teams are generally organized along product strategies (e.g., large cap growth, large cap value) and meet regularly to review the portfolio holdings and discuss purchase and sales activity of all accounts in the particular product strategy. Spiros “Sig” Segalas, Blair A. Boyer and David A. Kiefer and are the portfolio managers of the portion of the Portfolio managed by Jennison. Mr. Segalas, Mr. Boyer and Mr. Kiefer generally have final authority over all aspects of the portion of the Portfolio’s investment portfolio managed by Jennison, including but not limited to, purchases and sales of individual securities, portfolio construction, risk assessment, and management of cash flows.

The portfolio managers for the portion of the Portfolio managed by Jennison are supported by members of Jennison’s Large Cap Growth Equity and Large Cap Value Teams, which are comprised of other portfolio managers, research analysts and other investment professionals of Jennison. Team members provide research support and make securities recommendations and support the portfolio managers in all activities. Members of the teams may change from time to time.

Spiros Segalas was a founding member of Jennison in 1969 and is currently a Director, President and Chief Investment Officer at Jennison. He received his B.A. from Princeton University and is a member of The New York Society of Security Analysts,
Blair A. Boyer is an Executive Vice President of Jennison. Mr. Boyer came to Jennison in 1993 after ten years with Arnhold & S. Bleichroeder, Inc. In January 2003, Mr. Boyer joined the growth equity team, after co-managing international equity portfolios since joining Jennison. During his tenure as an international equity portfolio manager, he managed the Jennison International Growth Fund from its inception in March 2000. Mr. Boyer managed international equity portfolios at Bleichroeder from 1989 to 1993. Prior to that, he was a research analyst and then a senior portfolio manager in the Verus Capital division at Bleichroeder. Mr. Boyer graduated from Bucknell University in 1983 with a B.A. in Economics. He received an M.B.A. in Finance from New York University in 1989. He has managed the portion of the Portfolio managed by Jennison since January 2005.

David A. Kiefer, CFA, is an Executive Vice President of Jennison, which he joined in September 2000. He joined Prudential's management training program in 1986. From 1988 to 1990, Mr. Kiefer worked at Prudential Power Funding Associates, making loans to the energy industry. He then left to attend business school, rejoining Prudential in equity asset management in 1992. Mr. Kiefer became a portfolio manager in 1994 at Prudential. Mr. Kiefer earned a B.S. from Princeton University and an M.B.A. from Harvard Business School. He has managed the portion of the Portfolio managed by Jennison since August 2000.

Richard Sanderson, Senior Vice President and Director of Investment Research, Domestic Equities, for GEAM, is primarily responsible for the day-to-day management of the portion of the Portfolio advised by GEAM. Mr. Sanderson, a Chartered Financial Analyst, has 35 years of asset management experience and has been employed with GEAM for over 9 years and holds B.A. and M.B.A. degrees from the University of Michigan. He has managed the Portfolio since 1995.

Michael Kagan, a Managing Director of SaBAM, has been responsible for the day-to-day management of the portion of the Portfolio advised by SaBAM since February 2001. Mr. Kagan has been with SaBAM since 1994.

Kevin Caliendo, a Managing Director of SaBAM, has co-managed the portion of the Portfolio advised by SaBAM since November 2003. Mr. Caliendo has been with SaBAM since 2002. From 2001 to 2002, Mr. Caliendo was a Healthcare Equity Analyst and Convertible Bond Fund Portfolio Manager for SAC Capital Advisors, LLC and from 1998-2001, he was a Convertible Bond Analyst of the Healthcare sector for Wachovia Securities.

Global Portfolio

Jennison typically follows a team approach in the management of its portfolios, while preserving individual accountability with respect to a particular portfolio. The teams are generally organized along product strategies (e.g., large cap growth, large cap value) and meet regularly to review the portfolio holdings and discuss purchase and sales activity of all accounts in the particular product strategy. Daniel J. Duane and Michelle I. Picker are the portfolio managers of the Portfolio. Mr. Duane and Ms. Picker generally have final authority over all aspects of the Portfolio’s investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio construction, risk assessment, and management of cash flows.

The portfolio managers for the Portfolio are supported by members of Jennison’s research team, which is comprised of research analysts and other investment professionals of Jennison. Team members provide research support and make securities recommendations and support the portfolio managers in all activities. Members of the team may change from time to time.

Daniel J. Duane, CFA, is an Executive Vice President of Jennison. Prior to joining Jennison in October 2000, Mr. Duane was a Managing Director within Prudential’s Public Equity Unit. Mr. Duane began his money management career as a research analyst at Value Line in 1978. After six years at Value Line, he moved to TIAA-CREF where he managed a portion of their global portfolio. After TIAA-CREF, Mr. Duane spent over four years at First Investors Asset Management where he was in charge of all global equity investments. He earned a dual A.B. from Boston College, a Ph.D. from Yale University and a M.B.A. from New York University. Mr. Duane also was a Fulbright Scholar at the University of Tubingen in Germany. He has managed the Portfolio since 1990.

Michelle I. Picker, CFA, is a Vice President of Jennison. Prior to joining Jennison in October 2000, Ms. Picker was an Investment Vice President within Prudential’s Public Equity Unit. She joined Prudential’s global equity investment group in 1992 as a U.S. growth stock analyst. Prior to joining Prudential, Ms. Picker was an accountant and consultant at Price Waterhouse. She received her B.A. in Psychology from the University of Pennsylvania and her M.B.A. from New York University. She has managed the Portfolio since 1997.
Government Income Portfolio and Zero Coupon Bond Portfolio 2005

Robert Tipp and Richard Piccirillo of PIM’s Fixed Income Group co-manage the Portfolios.

Robert Tipp, CFA, Chief Investment Strategist, has managed the Portfolio since 2003. He has supervisory responsibility for portfolio managers who manage mutual funds and institutional client accounts in the U.S. Liquidity (U.S. governments and mortgages), Money Market, Municipal Bond, and Global Bond sectors. He is also portfolio manager for asset liability strategies and a co-portfolio manager of Core Plus, Government, and global bond strategies. Previously, Mr. Tipp served as co-head of Prudential Financial’s institutional fixed income business. Before joining Prudential Financial in 1991, Mr. Tipp was a Director in the Portfolio Strategies Group at First Boston Corporation. Prior to that, he was a senior analyst at the Allstate Research & Planning Center, and managed fixed income and equity derivative strategies at Wells Fargo Investment Advisors. Mr. Tipp has 21 years investment experience.

Richard Piccirillo, Vice President, has managed the Portfolio since 2003. He has specialized in mortgage-backed securities since joining Prudential Financial in 1993. Prior to that, he was a fixed income analyst with Fischer Francis Trees & Watts, and an analyst at Smith Barney. He has 14 years investment experience.

High Yield Bond Portfolio

The PIM Fixed Income High Yield Team, headed by Paul Appleby, manages the Portfolio. The Team also includes portfolio managers David Bessey, Richard Burns, Stephen Haeckel, and Michael Collins.

Paul Appleby, CFA, is Managing Director and Head of the High Yield Team. He oversees all portfolio management and trading activities for high yield portfolios, and also specializes in the cable, technology, commodities, and healthcare sectors. Previously, Mr. Appleby was Director of Credit Research and Chief Equity Strategist for Prudential Financial’s proprietary portfolios. He also was a high yield credit analyst and worked in Prudential Financial’s private placement group. Mr. Appleby joined Prudential Financial in 1987 and has 18 years investment experience. He has managed the Portfolio since 1999.

David Bessey is Managing Director and Head of the Emerging Markets team. Mr. Bessey is also co-portfolio manager for all Core Plus Fixed Income strategies and specializes in the utility and emerging markets sectors for the High Yield Team. From 1994 to 1999, Mr. Bessey was a senior portfolio manager for emerging markets portfolios and SUs investment grade assets. Previously, he developed asset allocation strategies for insurance portfolios and managed Prudential Financial’s long-term funding book. Mr. Bessey joined Prudential Financial in 1989 and has 15 years investment experience. He has managed the Portfolio since May 2003.

Richard Burns, CFA is Principal and portfolio manager on the High Yield Team. He is responsible for proprietary high yield portfolios and has specialized in the telecommunications, energy, gaming, retail, and lodging. Mr. Burns joined Prudential Financial in 1986 as a research analyst. He has managed the Portfolio since 1999 and has 22 years overall investment experience.

Stephen Haeckel is Principal and portfolio manager on the High Yield Team. He is portfolio manager for the Higher Quality High Yield Strategies and specializes in the media, industrials, homebuilders, and transportation sectors. Before joining the High Yield Team in 1999, Mr. Haeckel was credit analyst with PIM Fixed Income. He also worked in the Corporate Finance and Financial Restructuring groups, managing Prudential Financial’s private investments. Mr. Haeckel served on the Board of Directors of three private companies in conjunction with the Financial Restructuring Group. He joined Prudential Financial in 1990. Previously, he was an Investment Officer at MONY Capital Management. Mr. Haeckel has managed the Portfolio since 1999 and has 17 years investment experience.

Michael J. Collins, CFA, is Principal and portfolio manager/strategist on the High Yield Team, responsible for portfolio management, strategy, and risk management. Prior to his current role, Mike was Senior Investment Strategist, covering all fixed income sectors. Previously, Mike was a credit research analyst. He also developed proprietary quantitative international interest rate and currency valuation models for our global bond unit. Mike began his career at Prudential Financial in 1986 as a software applications designer. He has managed the Portfolio since 2001 and has 12 years investments experience.

Jennison Portfolio

Jennison typically follows a team approach in the management of its portfolios, while preserving individual accountability with respect to a particular portfolio. The teams are generally organized along product strategies (e.g., large cap growth, large cap value) and meet regularly to review the portfolio holdings and discuss purchase and sales activity of all accounts in the particular product strategy. Michael A. Del Balso, Spiros Segalas and Kathleen A. McCarragher are the portfolio managers of the Portfolio.
Mr. Del Balso generally has final authority over all aspects of the Portfolio’s investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio construction, risk assessment, and management of cash flows.

The portfolio managers for the Portfolio are supported by members of Jennison’s Large Cap Growth Equity Team, which is comprised of other portfolio managers, research analysts and other investment professionals of Jennison. Team members provide research support and make securities recommendations and support the portfolio managers in all activities. Members of the team may change from time to time.

Michael A. Del Balso joined Jennison in 1972 and is currently an Executive Vice President at Jennison. He is also Jennison’s Director of Research for Growth Equity. Mr. Del Balso is a graduate of Yale University and received his M.B.A. from Columbia University. He is a member of The New York Society of Security Analysts, Inc. He has managed the Portfolio since April 2000.

Spiros Segalas was a founding member of Jennison in 1969 and is currently a Director, President and Chief Investment Officer at Jennison. He received his B.A. from Princeton University and is a member of The New York Society of Security Analysts, Inc. He has managed the Portfolio since February 1999.

Kathleen A. McCarragher joined Jennison in 1998 and is an Executive Vice President at Jennison. She is also Jennison's Head of Growth Equity. Prior to joining Jennison, she was employed at Weiss, Peck & Greer L.L.C. as a managing director and director of large cap growth equities for six years. Ms McCarragher received her B.B.A. degree from the University of Wisconsin and her M.B.A. from Harvard University. She has managed the Portfolio since February 1999.

Money Market Portfolio

The PIM Fixed Income Money Market Team, led by Joseph M. Tully, manages the Portfolio. The Team also includes portfolio managers Manolita Brasil, Robert Browne, and Douglas Spratley.

Joseph M. Tully is Managing Director and Head of the Money Market Team. He has managed the Portfolio since 1995. Mr. Tully has 19 years of experience managing short-term fixed income investments, and 21 years of total investment experience. Prior to joining Prudential Financial in 1987, he worked for Merrill Lynch Asset Management as portfolio manager and senior bank credit analyst, and was an assistant national bank examiner for the Office of the Comptroller of the Currency.

Manolita Brasil is Vice President and portfolio manager on the Money Market Team, responsible for taxable money markets funds. In addition, Ms. Brasil coordinates credit research for commercial paper and other short-term instruments. She has been managing money markets portfolios for PIM Fixed Income since 1988. Previously, she previously managed the money markets support staff. Ms. Brasil joined Prudential Financial in 1979. She has managed the Portfolio since 1996 and has 17 years of investment experience.

Robert T. Browne is Vice President and portfolio manager on the Money Market Team, responsible for taxable money markets portfolios. Before assuming his current position in 1995, he spent two years analyzing and trading currency and global bonds, and handling operations, marketing, compliance and business planning functions. Mr. Browne joined Prudential Financial in 1989. He has managed the Portfolio since 1998 and has 11 years of total investment experience.

Douglas Spratley, CFA is an Associate and portfolio manager on the Money Markets team, responsible for short-term portfolios and government repo trading. Previously, Mr. Spratley was an investment analyst for the Prudential Capital Group. He joined Prudential in 1992. Mr. Spratley has 9 years investment experience.

Natural Resources Portfolio

Jennison typically follows a team approach in the management of its portfolios, while preserving individual accountability with respect to a particular portfolio. The teams are generally organized along product strategies (e.g., large cap growth, large cap value) and meet regularly to review the portfolio holdings and discuss purchase and sales activity of all accounts in the particular product strategy. Leigh R. Goehring and Michael A. Del Balso are the portfolio managers of the Portfolio. Mr. Goehring generally has final authority over all aspects of the Portfolio’s investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio construction, risk assessment, and management of cash flows.

The portfolio managers for the Portfolio are supported by members of Jennison’s research team, which is comprised of other research analysts and other investment professionals of Jennison. Team members provide research support and make securities recommendations and support the portfolio managers in all activities. Members of the team may change from time to time.

Leigh R. Goehring is a Vice President of Jennison. Prior to joining Jennison in September 2000, he was a Vice President of Prudential Investment Management, Inc. Before joining Prudential in 1986, Mr. Goehring managed general equity accounts in the
trust department at The Bank of New York. He earned his B. A. from Hamilton College with a double major in Economics and Mathematics. He has managed the Portfolio since 1992.

Michael A. Del Balso joined Jennison in 1972 and is currently an Executive Vice President at Jennison. He is also Jennison's Director of Research for Growth Equity. Mr. Del Balso is a graduate of Yale University and received his M.B.A. from Columbia University. He is a member of The New York Society of Security Analysts, Inc. He has managed the Portfolio since April 2004.

**Small Capitalization Stock Portfolio**

Wai C. Chiang is Managing Director for Quantitative Management Associates (QMA), and is primarily responsible for the day-to-day management of the Portfolio. He currently manages and trades domestic equity portfolios, including index funds, quantitative core equity funds, and futures tactical asset allocation accounts on behalf of institutional and retail clients. Earlier in his career, Wai was a stock research analyst for Salomon Brothers and a research and development engineer for Westinghouse Electric Corporation. He has developed proprietary computer-based models and authored a number of Salomon and Westinghouse publications. Wai was a contributing author to *Indexing For Maximum Investment Results*, a book published on indexing. Wai graduated summa cum laude with a BS in Engineering from Syracuse University, and earned an MBA in Finance from the Wharton School at the University of Pennsylvania. He has managed the Portfolio since its inception in 1995.

**Stock Index Portfolio**

John W. Moschberger, CFA is Managing Director for Quantitative Management Associates (QMA), and is primarily responsible for the day-to-day management of the Portfolio. He manages the Dryden Stock Index Fund and its corresponding variable life and annuity portfolio, the Prudential Series Fund - Stock Index Portfolio. John also manages both retail and institutional account portfolios benchmarked against the S&P 500, Russell 2000, Topix, MSCI EAFE, and MSCI Kokusai. He is also responsible for trading foreign and domestic equities, foreign exchange and derivative instruments. Previously, John was a research analyst with Prudential Equity Management Associates. He joined Prudential Financial in 1980. John earned a BS in Finance from the University of Delaware, and an MBA from Fairleigh Dickinson University. He has managed the Portfolio since 1990.

**Value Portfolio**

Jennison typically follows a team approach in the management of its portfolios, while preserving individual accountability with respect to a particular portfolio. The teams are generally organized along product strategies (e.g., large cap growth, large cap value) and meet regularly to review the portfolio holdings and discuss purchase and sales activity of all accounts in the particular product strategy. David A. Kiefer and Avi Z. Berg are the portfolio managers of the Portfolio. Mr. Kiefer and Mr. Berg generally have final authority over all aspects of the Portfolio's investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio construction, risk assessment, and management of cash flows.

The portfolio managers for the Portfolio are supported by members of Jennison's Large Cap Value Team, which is comprised of other portfolio managers, research analysts and other investment professionals of Jennison. Team members provide research support and make securities recommendations and support the portfolio managers in all activities. Members of the team may change from time to time.

David A. Kiefer, CFA, is an Executive Vice President of Jennison, which he joined in September 2000. He joined Prudential's management training program in 1986. From 1988 to 1990, Mr. Kiefer worked at Prudential Power Funding Associates, making loans to the energy industry. He then left to attend business school, rejoining Prudential in equity asset management in 1992. Mr. Kiefer became a portfolio manager in 1994 at Prudential. Mr. Kiefer earned a B.S. from Princeton University and an M.B.A. from Harvard Business School. He has managed the Portfolio since January 2004.

Avi Z. Berg is a Vice President of Jennison, which he joined in January 2001. Prior to that, he was with Goldman Sachs Asset Management from 1997 to 2000 as an Equity Research Associate for their small and mid cap value funds. From 1995 to 1997, Mr. Berg worked in equity research at Schroder Wertheim & Co. and Fir Tree Partners. From 1991 to 1995, he was a consultant with Price Waterhouse LLP. Mr. Berg received his A.B. in Economics magna cum laude from Harvard University in 1991 and his M.B.A. in Finance and Accounting with honors and distinctions from Columbia Business School in 1997. He has managed the Portfolio since January 2004.
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 as investment options under certain variable annuity and variable life insurance 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 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.

Frequent Purchases or Redemptions of Fund Shares

The Fund is part of the group of investment companies advised by PI that seeks to prevent patterns of frequent purchases and redemptions of shares by its investors (the “PI funds”). Frequent purchases and redemptions may adversely affect performance and the interests of long-term investors. When an investor engages in frequent or short-term trading, the PI funds may have to sell portfolio securities to have the cash necessary to pay the redemption amounts. This can happen when it is not advantageous to sell any securities, so the PI funds’ performance may be hurt. When large dollar amounts are involved, frequent trading can also make it difficult to use long-term investment strategies because the PI funds cannot predict how much cash they will have to invest. In addition, if a PI fund is forced to liquidate investments due to short-term trading activity, it may incur increased brokerage and tax costs. Similarly, the PI funds may bear increased administrative costs as a result of the asset level and investment volatility that accompanies patterns of short-term trading. Moreover, frequent or short-term trading by certain investors may cause dilution in the value of PI fund shares held by other investors. PI funds that invest in foreign securities may be particularly susceptible to frequent trading because time zone differences among international stock markets can allow an investor engaging in short-term trading to exploit fund share prices that may be based on closing prices of foreign securities established some time before the fund calculates its own share price. PI funds that invest in certain fixed income securities, such as high-yield bonds or certain asset-backed securities, may also constitute effective vehicles for an investor’s frequent trading strategies.

The Boards of Directors of the PI funds, including the Fund, have adopted policies and procedures designed to discourage or prevent frequent trading by investors. The policies and procedures for the Fund are limited, however, because Prudential and other insurance companies maintain the individual contract owner accounts for investors in the Fund’s Portfolios. In particular, each insurance company submits to the Fund transfer agent aggregate orders combining the transactions of many investors, and therefore the Fund and its transfer agent cannot monitor investments by individual investors. The policies and procedures require the Fund to communicate in writing to each investing insurance company that the Fund expects the insurance company to impose restrictions on transfers by contract owners. In addition, the Fund receives reports on the trading restrictions imposed by Prudential and its affiliates on variable contract owners investing in the Portfolios, and the Fund monitors the aggregate cash flows received from unaffiliated insurance companies. The Fund also employs fair value pricing procedures to deter frequent trading. Finally, the Fund and its transfer agent reserve the right to reject all or a portion of a purchase order from an investing insurance company. If a purchase order is rejected, the purchase amount will be returned to the insurance company.

Investors seeking to engage in frequent trading activities may use a variety of strategies to avoid detection and, despite the efforts of the Fund and the insurance companies to prevent such trading, there is no guarantee that the Fund or the insurance companies will be able to identify these investors or curtail their trading practices. Therefore, some Fund investors may be able to engage in frequent trading, and, if they do, the other Fund investors would bear any harm caused by that frequent trading. The Fund does not have any arrangements intended to permit trading in contravention of the policies described above.

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For information about the trading limitations applicable to you, please see the prospectus for your variable contract or contact your insurance company.

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.

The securities held by each of the Fund’s portfolios are valued based upon market quotations or, if not readily available, at fair value as determined in good faith under procedures established by the Fund’s Board of Directors. The Fund may use fair value pricing if it determines that a market quotation is not reliable based, among other things, on market conditions that occur after the quotation is derived or after the closing of the primary market on which the security is traded, but before the time that the NAV is determined. This use of fair value pricing most commonly occurs with securities that are primarily traded outside of the U.S. because such securities present time-zone arbitrage opportunities when events or conditions affecting the prices of specific securities or the prices of securities traded in such markets generally occur after the close of the foreign markets but prior to the time that a Portfolio determines its NAV.

The Fund may also use fair value pricing with respect to U.S. traded securities if, for example, trading in a particular security is halted and does not resume before a Portfolio calculates its NAV or the exchange on which a security is traded closes early. In addition, fair value pricing is used for securities where the pricing agent or principal market maker does not provide a valuation or methodology or provides a valuation or methodology that, in the judgment of the Manager (or Subadviser) does not represent fair value. Different valuation methods may result in differing values for the same security. The fair value of a portfolio security that a Portfolio uses to determine its NAV may differ from the security’s published or quoted price. If a Portfolio needs to implement fair value pricing after the NAV publishing deadline but before shares of the Portfolio are processed, the NAV you receive or pay may differ from the published NAV 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.

Fair value pricing procedures are designed to result in prices for a Portfolio’s securities and its NAV that are reasonable in light of the circumstances which make or have made market quotations unavailable or unreliable, and to reduce arbitrage opportunities available to short-term traders. There is no assurance, however, that fair value pricing will more accurately reflect the market value of a security than the market price of such security on that day or that it will prevent dilution of a Portfolio’s NAV by short-term traders.

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. Short-term debt securities with remaining maturities of 12 months or less held by the Conservative Balanced and Flexible Managed Portfolios are valued on an amortized cost basis. 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, and except as discussed above for the Conservative Balanced and Flexible Managed Portfolios, 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.

Disclosure of Portfolio Holdings

A description of the Fund’s policies and procedures with respect to the disclosure of each Portfolio’s portfolio securities is described in the Fund’s Statement of Additional Information and on the Fund’s website at www.prudential.com. The Fund will provide a full list of each Portfolio’s portfolio holdings as of the end of the fiscal quarter on its website within 60 days after the end of its fiscal quarter. In addition, the Fund may release each Portfolio’s top ten holdings, sector and country breakdowns, and largest industries on a monthly basis. Such information will be posted to the Fund’s website no earlier than 15 days after the end of each month. These postings can be located at www.prudential.com.

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. Because Contract Charges are not included, the actual return that you will receive will be lower than the total return. The information is for Class I shares for the periods indicated, unless otherwise indicated.

The financial highlights for the year ended December 31, 2004 were part of the financial statements audited by KPMG LLP, the Fund's independent registered public accounting firm, whose reports on these financial statements were unqualified. The financial highlights for the periods presented through December 31, 2003 were part of financial statements audited by another independent registered public accounting firm.
## Financial Highlights

**Conservative Balanced Portfolio**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Per Share Operating Performance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$14.34</td>
<td>$12.43</td>
<td>$13.69</td>
<td>$14.63</td>
<td>$15.36</td>
</tr>
<tr>
<td>Income (Loss) From Investment Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.34</td>
<td>0.28</td>
<td>0.34</td>
<td>0.44</td>
<td>0.59</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>0.78</td>
<td>1.99</td>
<td>(1.57)</td>
<td>(0.75)</td>
<td>(0.60)</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>1.12</td>
<td>2.27</td>
<td>(1.23)</td>
<td>(0.31)</td>
<td>(0.68)</td>
</tr>
<tr>
<td>Less Distributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.28)</td>
<td>(0.36)</td>
<td>—</td>
<td>(0.48)</td>
<td>(0.65)</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>(0.08)</td>
<td>—</td>
<td>(0.03)</td>
<td>(0.15)</td>
<td>(0.11)</td>
</tr>
<tr>
<td>Distributions in excess of net realized gains</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total distributions</td>
<td>(0.36)</td>
<td>(0.36)</td>
<td>(0.03)</td>
<td>(0.63)</td>
<td>(0.67)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$15.10</td>
<td>$14.34</td>
<td>$12.43</td>
<td>$13.69</td>
<td>$14.63</td>
</tr>
<tr>
<td>Total Investment Return(a)</td>
<td>8.04%</td>
<td>18.77%</td>
<td>(8.98)%</td>
<td>(2.02)%</td>
<td>(0.48)%</td>
</tr>
<tr>
<td>Ratios/Supplemental Data:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets, end of year (in millions)</td>
<td>$2,893.6</td>
<td>$2,895.0</td>
<td>$2,660.3</td>
<td>$3,259.7</td>
<td>$3,714.3</td>
</tr>
<tr>
<td>Ratios to average net assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>0.59%</td>
<td>0.58%</td>
<td>0.58%</td>
<td>0.58%</td>
<td>0.60%</td>
</tr>
<tr>
<td>Net investment income</td>
<td>2.27%</td>
<td>2.02%</td>
<td>2.49%</td>
<td>3.05%</td>
<td>3.79%</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>153%</td>
<td>248%</td>
<td>260%</td>
<td>239%</td>
<td>85%</td>
</tr>
</tbody>
</table>

(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 and does not reflect the effect of insurance contract charges.

**Diversified Bond Portfolio**

<table>
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</thead>
<tbody>
<tr>
<td>Per Share Operating Performance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$11.17</td>
<td>$10.82</td>
<td>$11.36</td>
<td>$11.28</td>
<td>$10.95</td>
</tr>
<tr>
<td>Income (Loss) From Investment Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.52</td>
<td>0.45</td>
<td>0.57</td>
<td>0.67</td>
<td>0.77</td>
</tr>
<tr>
<td>Net realized and unrealized gains on investments</td>
<td>0.09</td>
<td>0.35</td>
<td>0.17</td>
<td>0.12</td>
<td>0.26</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>0.61</td>
<td>0.80</td>
<td>0.74</td>
<td>0.79</td>
<td>1.03</td>
</tr>
<tr>
<td>Less Dividends and Distributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.50)</td>
<td>(0.45)</td>
<td>(1.27)</td>
<td>(0.71)</td>
<td>(0.70)</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Tax return of capital distributions</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td>Total dividends and distributions</td>
<td>(0.50)</td>
<td>(0.45)</td>
<td>(1.27)</td>
<td>(0.71)</td>
<td>(0.70)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$11.28</td>
<td>$11.17</td>
<td>$10.82</td>
<td>$11.36</td>
<td>$11.26</td>
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<tr>
<td>Total Investment Return(a)</td>
<td>5.59%</td>
<td>7.49%</td>
<td>7.07%</td>
<td>6.98%</td>
<td>9.72%</td>
</tr>
<tr>
<td>Ratios/Supplemental Data:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net assets, end of year (in millions)</td>
<td>$1,283.7</td>
<td>$1,418.0</td>
<td>$1,370.3</td>
<td>$1,400.7</td>
<td>$1,269.8</td>
</tr>
<tr>
<td>Ratios to average net assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>0.45%</td>
<td>0.44%</td>
<td>0.44%</td>
<td>0.44%</td>
<td>0.45%</td>
</tr>
<tr>
<td>Net investment income</td>
<td>4.57%</td>
<td>4.02%</td>
<td>5.25%</td>
<td>6.35%</td>
<td>6.83%</td>
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<td>Portfolio turnover rate</td>
<td>382%</td>
<td>706%</td>
<td>595%</td>
<td>257%</td>
<td>139%</td>
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</table>

(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 and does not reflect the effect of insurance contract charges.

(b) Less than $0.005 per share.

SEE NOTES TO FINANCIAL STATEMENTS.
### Financial Highlights

#### Equity Portfolio

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Per Share Operating Performance:</strong></td>
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<tr>
<td>Net Asset Value, beginning of year</td>
<td>$20.55</td>
<td>$15.75</td>
<td>$20.49</td>
<td>$24.50</td>
<td>$28.90</td>
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<td><strong>Income (Loss) From Investment Operations:</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.28</td>
<td>0.17</td>
<td>0.17</td>
<td>0.18</td>
<td>0.51</td>
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<td>Net realized and unrealized gains (losses) on investments</td>
<td>1.75</td>
<td>4.81</td>
<td>(4.75)</td>
<td>(2.83)</td>
<td>0.06</td>
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<td>Total from investment operations</td>
<td>2.03</td>
<td>4.98</td>
<td>(4.58)</td>
<td>(2.65)</td>
<td>0.77</td>
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<tr>
<td><strong>Less Distributions:</strong></td>
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<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.27)</td>
<td>(0.18)</td>
<td>(0.16)</td>
<td>(0.18)</td>
<td>(0.51)</td>
<td></td>
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<tr>
<td>Distributions in excess of net investment income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.02)</td>
<td></td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1.18)</td>
<td>(4.64)</td>
<td></td>
</tr>
<tr>
<td>Total dividends and distributions</td>
<td>(0.27)</td>
<td>(0.18)</td>
<td>(0.16)</td>
<td>(1.18)</td>
<td>(5.17)</td>
<td></td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$22.31</td>
<td>$20.55</td>
<td>$15.75</td>
<td>$20.49</td>
<td>$24.50</td>
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<tr>
<td><strong>Total Investment Return</strong>&lt;sup&gt;a&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9.93%</td>
<td>31.65%</td>
<td>(22.34)%</td>
<td>(11.18)%</td>
<td>3.28%</td>
<td></td>
</tr>
</tbody>
</table>

| Ratios/Supplemental Data: | | | | | | |
| Net assets, end of year (in millions) | $4,135.7 | $4,012.3 | $3,273.6 | $4,615.9 | $5,652.7 |
| Ratios to average net assets: | | | | | | |
| Expenses | 0.48% | 0.49% | 0.48% | 0.49% | 0.49% |
| Net investment income | 1.29% | 0.96% | 0.88% | 0.84% | 1.75% |
| Portfolio turnover rate | 50% | 56% | 54% | 153% | 78% |

<sup>a</sup> 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 and does not reflect the effect of insurance contract charges.

#### Flexible Managed Portfolio

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Per Share Operating Performance:</strong></td>
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<td></td>
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<td>Net Asset Value, beginning of year</td>
<td>$15.19</td>
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<td>$14.79</td>
<td>$16.53</td>
<td>$17.64</td>
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<td><strong>Income (Loss) From Investment Operations:</strong></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Net investment income</td>
<td>0.29</td>
<td>0.22</td>
<td>0.27</td>
<td>0.42</td>
<td>0.61</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>1.32</td>
<td>2.70</td>
<td>(2.10)</td>
<td>(1.35)</td>
<td>(0.86)</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>1.61</td>
<td>2.92</td>
<td>(1.83)</td>
<td>(0.93)</td>
<td>(0.25)</td>
</tr>
<tr>
<td><strong>Less Dividends and Distributions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.22)</td>
<td>(0.28)</td>
<td>(0.41)</td>
<td>(0.58)</td>
<td>(0.62)</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.23)</td>
<td>(0.24)</td>
</tr>
<tr>
<td>Total dividends and distributions</td>
<td>(0.22)</td>
<td>(0.28)</td>
<td>(0.41)</td>
<td>(0.81)</td>
<td>(0.86)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$16.06</td>
<td>$15.57</td>
<td>$13.57</td>
<td>$14.42</td>
<td>$16.53</td>
</tr>
<tr>
<td><strong>Total Investment Return</strong>&lt;sup&gt;a&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10.74%</td>
<td>23.76%</td>
<td>(12.74)%</td>
<td>(6.68)%</td>
<td>(1.44)%</td>
</tr>
</tbody>
</table>

| Ratios/Supplemental Data: | | | | | |
| Net assets, end of year (in millions) | $3,883.5 | $3,693.6 | $3,181.0 | $3,896.6 | $4,463.8 |
| Ratios to average net assets: | | | | | |
| Expenses | 0.62% | 0.62% | 0.63% | 0.64% | 0.64% |
| Net investment income | 1.83% | 1.55% | 1.92% | 2.61% | 3.22% |
| Portfolio turnover rate | 150% | 204% | 238% | 236% | 132% |

<sup>a</sup> 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 and does not reflect the effect of insurance contract charges.

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SEE NOTES TO FINANCIAL STATEMENTS.
## Financial Highlights

### Global Portfolio

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$15.14</td>
<td>$11.35</td>
<td>$15.29</td>
<td>$23.61</td>
<td>$30.98</td>
</tr>
</tbody>
</table>

### Income (Loss) From Investment Operations:

<table>
<thead>
<tr>
<th>Net investment income</th>
<th>0.11</th>
<th>0.10</th>
<th>0.07</th>
<th>0.09</th>
<th>0.07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total from operations</td>
<td>1.44</td>
<td>3.84</td>
<td>(3.87)</td>
<td>(3.58)</td>
<td>(5.30)</td>
</tr>
</tbody>
</table>

### Less Dividends and Distributions:

<table>
<thead>
<tr>
<th>Dividends from net investment income</th>
<th>(0.15)</th>
<th>(0.05)</th>
<th>(0.14)</th>
<th>(0.06)</th>
<th>(0.07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributions in excess of net investment income</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.13)</td>
<td>—</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>(4.77)</td>
<td>(3.74)</td>
<td>(1.03)</td>
<td>(2.14)</td>
<td>(1.94)</td>
</tr>
</tbody>
</table>

### Total from investment operations:

<table>
<thead>
<tr>
<th>Total dividends and distributions</th>
<th>(0.15)</th>
<th>(0.05)</th>
<th>(1.03)</th>
<th>(4.77)</th>
<th>(2.14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value, end of year</td>
<td>$16.43</td>
<td>$15.14</td>
<td>$11.35</td>
<td>$23.61</td>
<td>$30.98</td>
</tr>
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</table>

### Total Investment Return:<sup>a</sup>

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment return</td>
<td>9.59%</td>
<td>34.07%</td>
<td>(25.14)%</td>
<td>(17.64)%</td>
<td>(17.68)%</td>
</tr>
</tbody>
</table>

### Government Income Portfolio

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$11.92</td>
<td>$12.50</td>
<td>$12.26</td>
<td>$12.02</td>
<td>$11.55</td>
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### Income (Loss) From Investment Operations:

<table>
<thead>
<tr>
<th>Net investment income</th>
<th>0.49</th>
<th>0.46</th>
<th>0.38</th>
<th>0.65</th>
<th>0.89</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net realized and unrealized gain (losses) on investment</td>
<td>(0.13)</td>
<td>(0.15)</td>
<td>1.00</td>
<td>0.31</td>
<td>0.02</td>
</tr>
</tbody>
</table>

### Total from investment operations:

<table>
<thead>
<tr>
<th>Total dividends and distributions</th>
<th>(0.63)</th>
<th>(0.49)</th>
<th>(0.08)</th>
<th>—</th>
<th>(0.03)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value, end of year</td>
<td>$11.65</td>
<td>$11.92</td>
<td>$12.50</td>
<td>$12.02</td>
<td>$11.55</td>
</tr>
</tbody>
</table>

### Total Investment Return:<sup>a</sup>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment return</td>
<td>3.12%</td>
<td>2.46%</td>
<td>12.05%</td>
<td>8.06%</td>
<td>12.78%</td>
</tr>
</tbody>
</table>

### Notes:

- <sup>a</sup>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 and does not reflect the effect of insurance contract charges.

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SEE NOTES TO FINANCIAL STATEMENTS.

F-3
Financial Highlights

### High Yield Bond Portfolio

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Per Share Operating Performance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$ 5.29</td>
<td>$ 4.59</td>
<td>$ 5.40</td>
<td>$ 6.14</td>
<td>$ 7.52</td>
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<td>Income (Loss) From Investment Operations:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.39</td>
<td>0.41</td>
<td>0.29</td>
<td>0.58</td>
<td>0.74</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>0.13</td>
<td>0.71</td>
<td>(0.21)</td>
<td>(0.62)</td>
<td>(1.30)</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>0.52</td>
<td>1.12</td>
<td>0.08</td>
<td>(0.62)</td>
<td>(0.96)</td>
</tr>
<tr>
<td>Less Dividends:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.39)</td>
<td>(0.42)</td>
<td>(0.89)</td>
<td>(0.70)</td>
<td>(0.82)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$ 5.42</td>
<td>$ 5.29</td>
<td>$ 4.59</td>
<td>$ 5.40</td>
<td>$ 6.14</td>
</tr>
<tr>
<td>Total Investment Return(a)</td>
<td>10.30%</td>
<td>25.04%</td>
<td>1.50%</td>
<td>(0.44)%</td>
<td>(7.91)%</td>
</tr>
<tr>
<td>Ratios/Supplement Data:</td>
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<tr>
<td>Net assets, end of year (in millions)</td>
<td>$1,595.7</td>
<td>$1,466.7</td>
<td>$1,128.6</td>
<td>$655.8</td>
<td>$661.3</td>
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<tr>
<td>Ratios to average net assets:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>0.59%</td>
<td>0.60%</td>
<td>0.58%</td>
<td>0.60%</td>
<td>0.60%</td>
</tr>
<tr>
<td>Net investment income</td>
<td>7.42%</td>
<td>8.11%</td>
<td>9.36%</td>
<td>10.93%</td>
<td>10.47%</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>65%</td>
<td>93%</td>
<td>77%</td>
<td>84%</td>
<td>76%</td>
</tr>
</tbody>
</table>

(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 and does not reflect the effect of insurance contract charges.

### Jennison Portfolio

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Per Share Operating Performance:</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$ 16.62</td>
<td>$ 12.79</td>
<td>$ 18.57</td>
<td>$ 22.97</td>
<td>$ 32.39</td>
</tr>
<tr>
<td>Income (Loss) From Investment Operations:</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.08</td>
<td>0.04</td>
<td>0.03</td>
<td>0.04</td>
<td>0.01</td>
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<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>1.52</td>
<td>3.83</td>
<td>(5.78)</td>
<td>(4.22)</td>
<td>(5.01)</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>1.60</td>
<td>3.87</td>
<td>(5.75)</td>
<td>(4.18)</td>
<td>(5.00)</td>
</tr>
<tr>
<td>Less Dividends and Distributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.08)</td>
<td>(0.04)</td>
<td>(0.03)</td>
<td>(0.19)</td>
<td>(3.82)</td>
</tr>
<tr>
<td>Distributions from net realized gains (losses) on investments</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total dividends and distributions</td>
<td>(0.08)</td>
<td>(0.04)</td>
<td>(0.03)</td>
<td>(0.19)</td>
<td>(3.82)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$ 16.14</td>
<td>$ 16.02</td>
<td>$ 12.79</td>
<td>$ 18.57</td>
<td>$ 22.97</td>
</tr>
<tr>
<td>Total Investment Return(a)</td>
<td>9.63%</td>
<td>30.25%</td>
<td>(30.95)</td>
<td>(18.25)%</td>
<td>(17.38)%</td>
</tr>
<tr>
<td>Ratios/Supplement Data:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets, end of year (in millions)</td>
<td>$2,044.1</td>
<td>$1,772.4</td>
<td>$1,388.8</td>
<td>$2,186.9</td>
<td>$2,892.7</td>
</tr>
<tr>
<td>Ratios to average net assets:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>0.64%</td>
<td>0.64%</td>
<td>0.61%</td>
<td>0.64%</td>
<td>0.64%</td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.50%</td>
<td>0.28%</td>
<td>0.21%</td>
<td>0.18%</td>
<td>0.02%</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>74%</td>
<td>69%</td>
<td>74%</td>
<td>86%</td>
<td>89%</td>
</tr>
</tbody>
</table>

(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 and does not reflect the effect of insurance contract charges.

(b) Less than $0.005 per share.

SEE NOTES TO FINANCIAL STATEMENTS.
### Financial Highlights

**Money Market Portfolio**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>Income (Loss) From Investment Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income and realized and unrealized gains</td>
<td>0.01</td>
<td>0.08</td>
<td>0.15</td>
<td>0.41</td>
<td>0.60</td>
</tr>
<tr>
<td>Dividend and distributions</td>
<td>(0.01)</td>
<td>(0.08)</td>
<td>(0.15)</td>
<td>(0.41)</td>
<td>(0.60)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$10.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>Total Investment Return(a)</td>
<td>1.01%</td>
<td>0.84%</td>
<td>1.52%</td>
<td>4.22%</td>
<td>6.20%</td>
</tr>
</tbody>
</table>

**Ratios/Supplemental Data:**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net assets, end of year (in millions)</td>
<td>$885.4</td>
<td>$933.7</td>
<td>$1,366.6</td>
<td>$1,501.9</td>
<td>$1,238.2</td>
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<tr>
<td>Ratios to average net assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>0.45%</td>
<td>0.44%</td>
<td>0.43%</td>
<td>0.43%</td>
<td>0.44%</td>
</tr>
<tr>
<td>Net investment income</td>
<td>1.01%</td>
<td>0.84%</td>
<td>1.52%</td>
<td>3.86%</td>
<td>6.03%</td>
</tr>
</tbody>
</table>

(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 and does not reflect the effect of insurance contract charges.

---

**Natural Resources Portfolio**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$27.49</td>
<td>$22.35</td>
<td>$19.11</td>
<td>$23.59</td>
<td>$17.38</td>
</tr>
</tbody>
</table>

**Income (Loss) From Investment Operations:**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment income</td>
<td>0.19</td>
<td>0.25</td>
<td>0.09</td>
<td>0.43</td>
<td>0.13</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>6.28</td>
<td>7.38</td>
<td>3.52</td>
<td>(2.89)</td>
<td>6.36</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>6.47</td>
<td>7.63</td>
<td>3.61</td>
<td>(2.46)</td>
<td>6.49</td>
</tr>
</tbody>
</table>

**Less Dividends and Distributions:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends from net investment income</td>
<td>(1.00)</td>
<td>(0.98)</td>
<td>(0.12)</td>
<td>(0.55)</td>
<td>(0.16)</td>
</tr>
<tr>
<td>Distributions in excess of net investment income</td>
<td>(1.08)</td>
<td>(1.51)</td>
<td>(0.25)</td>
<td>(1.47)</td>
<td>(0.09)</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>(2.08)</td>
<td>(2.49)</td>
<td>(0.37)</td>
<td>(2.02)</td>
<td>(0.28)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$31.88</td>
<td>$27.49</td>
<td>$22.35</td>
<td>$19.11</td>
<td>$23.59</td>
</tr>
<tr>
<td>Total Investment Return(a)</td>
<td>25.17%</td>
<td>39.00%</td>
<td>18.92%</td>
<td>(10.08)%</td>
<td>37.66%</td>
</tr>
</tbody>
</table>

**Ratios/Supplemental Data:**

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net assets, end of year (in millions)</td>
<td>$622.6</td>
<td>$498.7</td>
<td>$379.2</td>
<td>$336.1</td>
<td>$393.2</td>
</tr>
<tr>
<td>Ratios to average net assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td>0.51%</td>
<td>0.51%</td>
<td>0.50%</td>
<td>0.52%</td>
<td>0.58%</td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.49%</td>
<td>0.80%</td>
<td>0.47%</td>
<td>1.94%</td>
<td>0.67%</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>24%</td>
<td>24%</td>
<td>37%</td>
<td>23%</td>
<td>20%</td>
</tr>
</tbody>
</table>

(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 and does not reflect the effect of insurance contract charges.

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SEE NOTES TO FINANCIAL STATEMENTS.

F-5
## Financial Highlights

### Small Capitalization Stock Portfolio

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Per Share Operating Performance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$17.64</td>
<td>$12.91</td>
<td>$15.48</td>
<td>$17.11</td>
<td>$16.25</td>
</tr>
<tr>
<td><strong>Income (Loss) From Investment Operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.12</td>
<td>0.07</td>
<td>0.06</td>
<td>0.06</td>
<td>0.07</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>3.75</td>
<td>4.82</td>
<td>(2.31)</td>
<td>0.67</td>
<td>1.87</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>3.87</td>
<td>4.89</td>
<td>(2.25)</td>
<td>0.73</td>
<td>1.88</td>
</tr>
<tr>
<td><strong>Less Distributions:</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.11)</td>
<td>(0.07)</td>
<td>(0.13)</td>
<td>(0.08)</td>
<td>(0.08)</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>(0.07)</td>
<td>(0.09)</td>
<td>(0.19)</td>
<td>(2.28)</td>
<td>(0.94)</td>
</tr>
<tr>
<td>Total distributions</td>
<td>(0.18)</td>
<td>(0.16)</td>
<td>(0.32)</td>
<td>(2.36)</td>
<td>(1.02)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$21.33</td>
<td>$17.64</td>
<td>$15.48</td>
<td>$17.11</td>
<td></td>
</tr>
<tr>
<td><strong>Total Investment Return(a)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.04%</td>
<td>38.27%</td>
<td>(14.92)%</td>
<td>5.53%</td>
<td>12.81%</td>
<td></td>
</tr>
</tbody>
</table>

### Stock Index Portfolio

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Per Share Operating Performance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$29.29</td>
<td>$24.09</td>
<td>$31.64</td>
<td>$38.66</td>
<td>$44.45</td>
</tr>
<tr>
<td><strong>Income (Loss) From Investment Operations:</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.50</td>
<td>0.36</td>
<td>0.37</td>
<td>0.36</td>
<td>0.36</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>2.50</td>
<td>4.82</td>
<td>(7.34)</td>
<td>(5.05)</td>
<td>(4.37)</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>3.00</td>
<td>6.56</td>
<td>(6.97)</td>
<td>(5.39)</td>
<td>(4.01)</td>
</tr>
<tr>
<td><strong>Less Dividends &amp; Distributions:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.49)</td>
<td>(0.37)</td>
<td>(0.36)</td>
<td>(0.35)</td>
<td>(0.37)</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
<td>(0.51)</td>
<td>(0.53)</td>
<td>(0.22)</td>
<td>(1.98)</td>
<td>(1.41)</td>
</tr>
<tr>
<td>Total distributions</td>
<td>(1.00)</td>
<td>(1.30)</td>
<td>(0.58)</td>
<td>(2.33)</td>
<td>(1.78)</td>
</tr>
<tr>
<td>Net Asset Value, end of year</td>
<td>$31.29</td>
<td>$29.29</td>
<td>$24.09</td>
<td>$31.64</td>
<td>$38.66</td>
</tr>
<tr>
<td><strong>Total Investment Return(a)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.45%</td>
<td>28.18%</td>
<td>(22.19)%</td>
<td>(12.05)%</td>
<td>(9.03)%</td>
<td></td>
</tr>
</tbody>
</table>

### Ratios/Supplemental Data:

- **Net assets, end of year (in millions):**
  - Small Capitalization Stock Portfolio: $743.2
  - Stock Index Portfolio: $3,094.7

- **Net assets, end of year (in millions):**
  - Small Capitalization Stock Portfolio: $17.64
  - Stock Index Portfolio: $29.29

### Total Investment Return

(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 and does not reflect the effect of insurance contract charges.

SEE NOTES TO FINANCIAL STATEMENTS.

F-6
Financial Highlights

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Net Asset Value, beginning of year</td>
<td>$17.36</td>
<td>$13.75</td>
<td>$17.91</td>
<td>$20.46</td>
<td>$19.52</td>
</tr>
<tr>
<td>Income (Loss) From Investment Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td>0.28</td>
<td>0.23</td>
<td>0.22</td>
<td>0.25</td>
<td>0.46</td>
</tr>
<tr>
<td>Net realized and unrealized gains (losses) on investments</td>
<td>2.55</td>
<td>3.62</td>
<td>(4.15)</td>
<td>(0.69)</td>
<td>2.45</td>
</tr>
<tr>
<td>Total from investment operations</td>
<td>2.83</td>
<td>3.85</td>
<td>(3.93)</td>
<td>(0.44)</td>
<td>2.91</td>
</tr>
<tr>
<td>Less Distributions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from net investment income</td>
<td>(0.26)</td>
<td>(0.24)</td>
<td>(0.23)</td>
<td>(0.30)</td>
<td>(0.44)</td>
</tr>
<tr>
<td>Distributions from net realized gains</td>
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<td></td>
<td>(1.81)</td>
<td>(1.53)</td>
<td></td>
</tr>
<tr>
<td>Tax return of capital distributions</td>
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<td>(c)</td>
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<tr>
<td>Total distributions</td>
<td>(0.26)</td>
<td>(0.24)</td>
<td>(0.23)</td>
<td>(1.81)</td>
<td>(1.53)</td>
</tr>
<tr>
<td>Net asset value, end of year</td>
<td>$19.93</td>
<td>$17.36</td>
<td>$13.75</td>
<td>$17.91</td>
<td>$20.46</td>
</tr>
<tr>
<td>Total Investment Return(a)</td>
<td>16.31%</td>
<td>28.07%</td>
<td>(21.97)%</td>
<td>(2.08)%</td>
<td>15.59%</td>
</tr>
<tr>
<td>Ratios/Supplement Data:</td>
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<tr>
<td>Net assets, end of year (in millions)</td>
<td>$1,595.6</td>
<td>$1,456.1</td>
<td>$1,247.0</td>
<td>$1,801.4</td>
<td>$1,975.3</td>
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<tr>
<td>Expenses</td>
<td>0.44%</td>
<td>0.44%</td>
<td>0.43%</td>
<td>0.44%</td>
<td>0.45%</td>
</tr>
<tr>
<td>Net investment income</td>
<td>1.48%</td>
<td>1.49%</td>
<td>1.39%</td>
<td>1.32%</td>
<td>2.31%</td>
</tr>
<tr>
<td>Portfolio turnover rate</td>
<td>52%</td>
<td>72%</td>
<td>94%</td>
<td>175%</td>
<td>85%</td>
</tr>
</tbody>
</table>

(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 and does not reflect the effect of insurance contract charges.
(b) Calculated based upon weighted average shares outstanding during the year.
(c) Less than .005 per share.

SEE NOTES TO FINANCIAL STATEMENTS.
Mailing Address
The Prudential Series Fund, Inc.
Gateway Center Three
100 Mulberry Street
Newark, NJ 07102

Investment Manager
Prudential Investments LLC
Gateway Center Three
100 Mulberry Street
Newark, NJ 07102

Subadvisers
Jennison Associates LLC
Prudential Investment Management, Inc.
Quantitative Management Associates LLC
GE Asset Management Incorporated
Salomon Brothers Asset Management Inc

Independent Registered Public Accounting Firm
KPMG LLP
757 Third Avenue
New York, NY 10017

Legal Counsel
Goodwin Procter LLP
901 New York Avenue, N.W.
Washington, DC 20001
INVESTOR INFORMATION SERVICES:

Shareholder inquiries should be made by calling (800) 778-2255 or by writing to The Prudential Series Fund, Inc. at Gateway Center Three, 100 Mulberry Street, Newark, NJ 07102.

Additional information about the Portfolios is included in a Statement of Additional Information, which is incorporated by reference into this Prospectus. Additional information about the Portfolios' investments is available in the annual and semi-annual reports to holders of variable annuity contracts and variable life insurance policies. In the annual reports, you will find a discussion of the market conditions and investment strategies that significantly affected each Portfolio's performance during its last fiscal year. The Statement of Additional Information and additional copies of annual and semi-annual reports are available without charge by calling the above number. The Statement of Additional Information and the annual and semi-annual reports are also available without charge on the Fund’s website at www.prudential.com.

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The information in the Fund's filings with the Securities and Exchange Commission (including the Statement of Additional Information) is available from the Commission. Copies of this information may be obtained, upon payment of duplicating fees, by electronic request to publicinfo@sec.gov or by writing the Public Reference Section of the Commission, Washington, DC 20549-0102. The information can also be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-942-8090. Finally, information about the Fund is available on the EDGAR database on the Commission's internet site at www.sec.gov.

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- You give us (such as name, address, Social Security number, income).
- About the Prudential products you have (such as the kinds of products you have with us, account balances, amount of insurance).
- Others give us (such as medical information for life insurance applications, credit worthiness information from credit reports, employee identifying information for group products, such as Social Security number).
- From visits to our websites (such as data from web forms, site visit data, and data from web “cookies”).

We call this information “customer data.”

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We may share the customer data described above with other companies that perform services for us or on our behalf. This includes firms that provide mailing or marketing services for us, or develop and maintain software for us. We may also share it with financial firms outside Prudential, such as banks or securities brokers or dealers, when we have agreements to jointly sponsor or offer other financial products. We do this only if the applicable federal or state law allows the disclosure. Medical and driving record information are never shared for this purpose. We may disclose it as permitted or required by law, for example, to law enforcement officials, in response to subpoenas, to regulators, or to prevent fraud.

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We may mail information about other products or services to you, or we may call you to tell you about them. If you would rather not receive information in these ways, please tell us.

You can do that using the attached form. Mail it to the address or call us at the toll-free number provided. We will process your request as quickly as possible. It may take us four to six weeks in some cases for marketing campaigns that have already started.

If you ask to be removed from our mailing lists for corporate offers, we will continue to send you information about your policies and accounts. We may include inserts about other products or services in these mailings. Opting out will not affect your relationship with your Prudential Professional.

We are mailing this Notice to the address we have for you. If there is more than one owner of a product or account, we send this Notice to the same address that we use to mail statements. Each owner may opt out for himself or herself, and may also opt out for the other owners.

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Former Customers
If your relationship with us ends, we will continue to handle information about you as this Notice describes.

To Reach Us, Write or Call
Prudential Financial – Customer Privacy
P.O. Box 9047
Millville, NJ 08332-9047

(800) 236-6848
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