

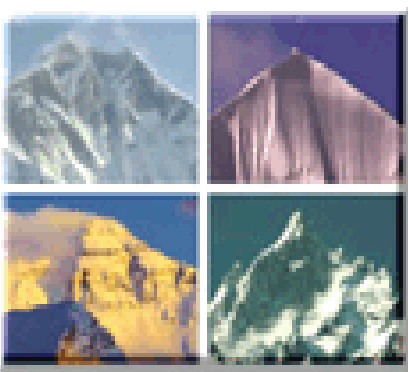
# Capital Markets Charts 2003 Series

(Performance Charts)

IFS-A76901

Charts 1 - 20

**Reminder: You must include the Glossary of Indices and disclosure pages  
with all charts you select to use, either individually or as a group.  
Information as of December 31, 2002 unless otherwise noted**

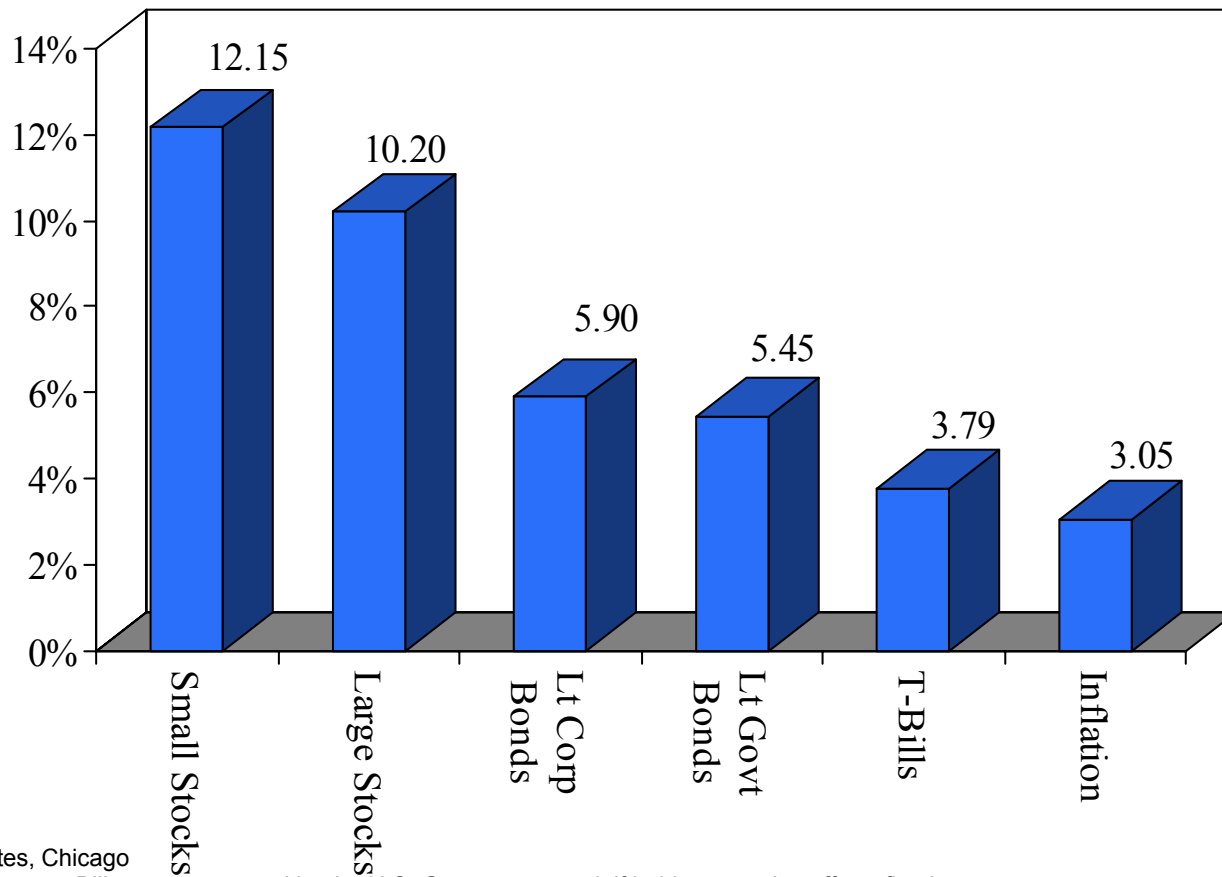


**Prudential**  **Financial**

Growing and Protecting your Wealth

# Asset Class Returns

## Annualized Rates of Return 1926 - 2002



Source: Ibbotson Associates, Chicago

Government bonds and Treasury Bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value. The prices of small company stocks are generally more volatile than those of large company stocks. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #1



# Asset Class Returns

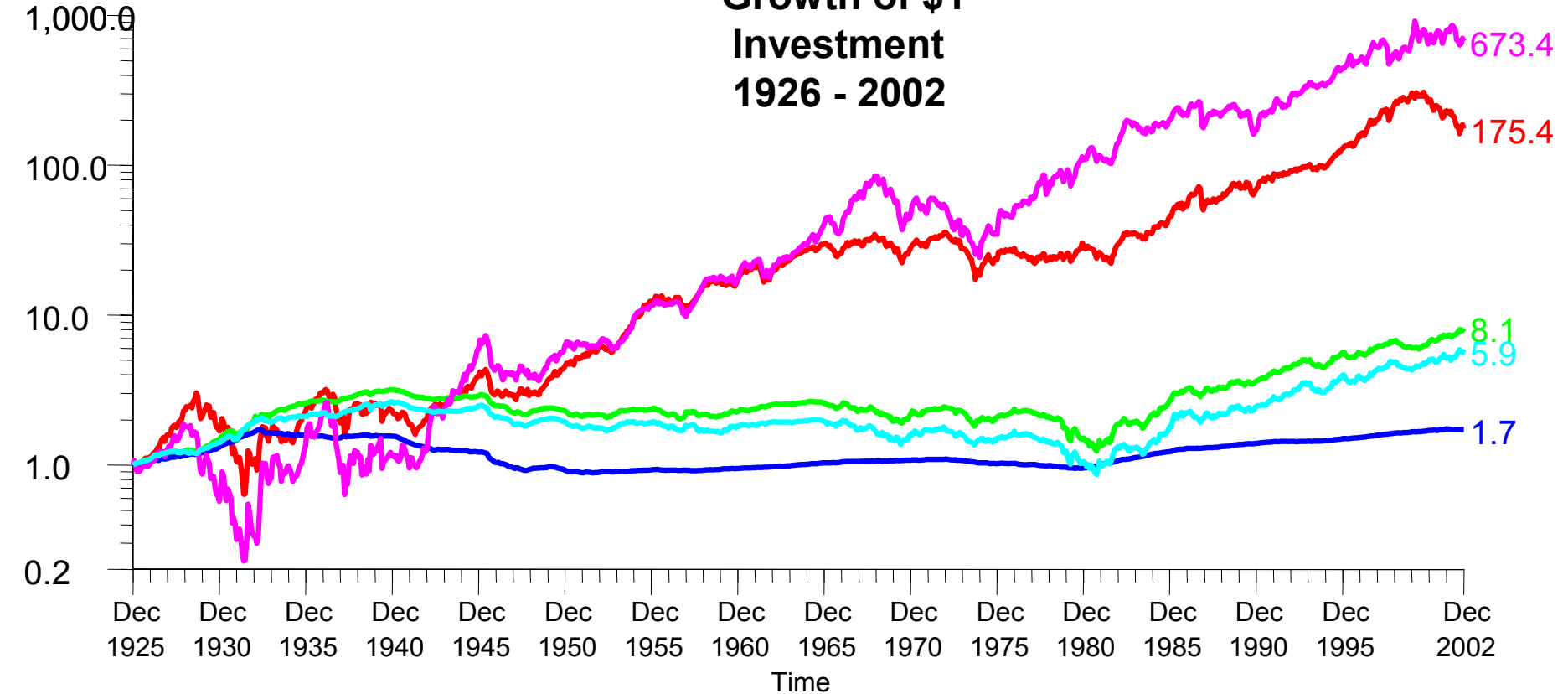
After Inflation

Growth of \$1

Investment

1926 - 2002

Index Values (USD)



- S&P 500 Infl-Adj TR
- U.S. 30 Day TBill Infl-Adj TR
- U.S. LT Gvt Infl-Adj TR
- U.S. LT Corp Infl-Adj TR
- U.S. Small Stk Infl-Adj TR

Source: Ibbotson Associates, Chicago

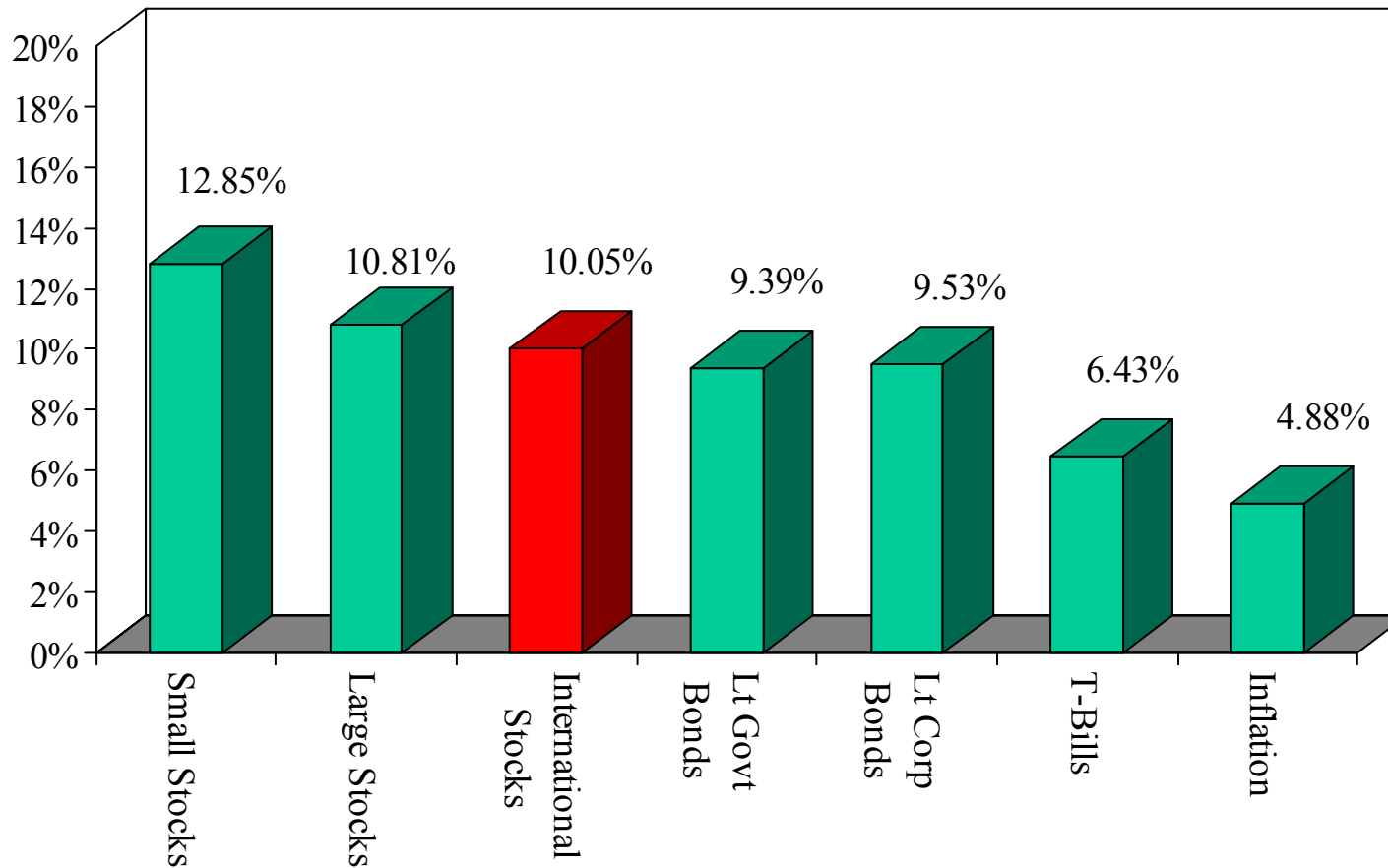
Government bonds and Treasury Bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value. The prices of small company stocks are generally more volatile than those of large company stocks. Past performance is not a guarantee of future results.

Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #2



# Asset Class Returns Since 1970

## Annualized Rates of Return 1970 - 2002

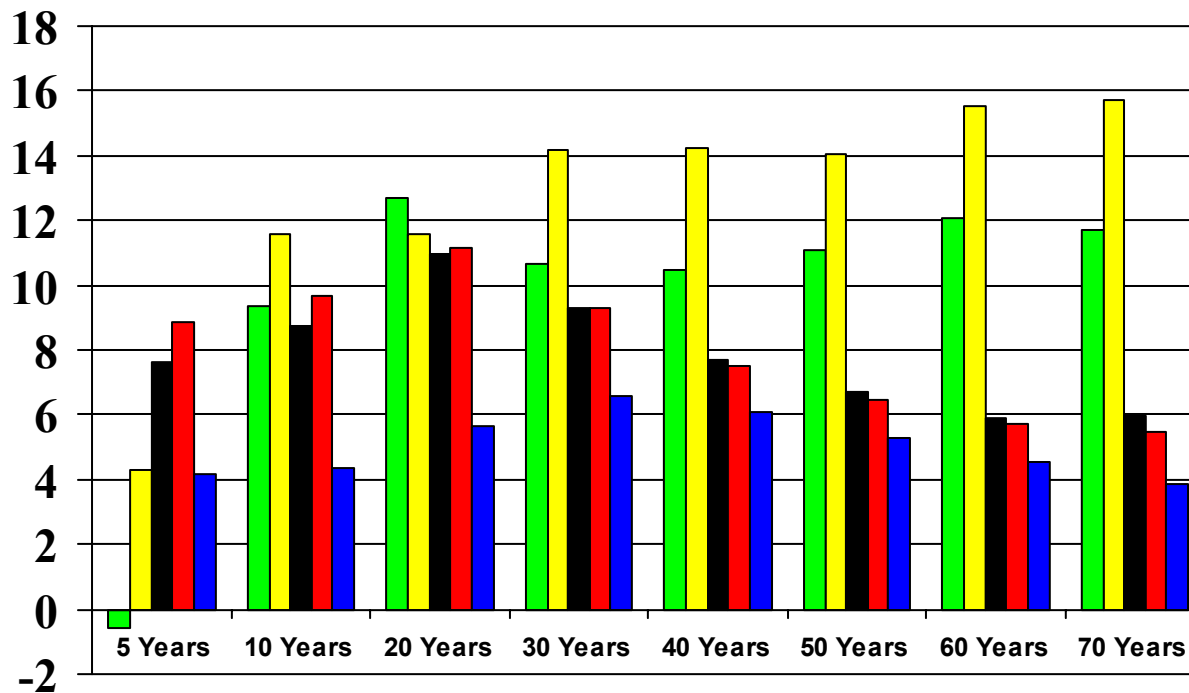


Government bonds and Treasury Bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value. The prices of small company stocks are generally more volatile than those of large company stocks. Foreign investing is subject to certain risks, such as currency fluctuation and social and political changes. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. Source: Ibbotson Associates, Chicago IFS – A76901 Chart #3



# Asset Class Returns Various Periods

## Annualized Returns Ending 12/2002

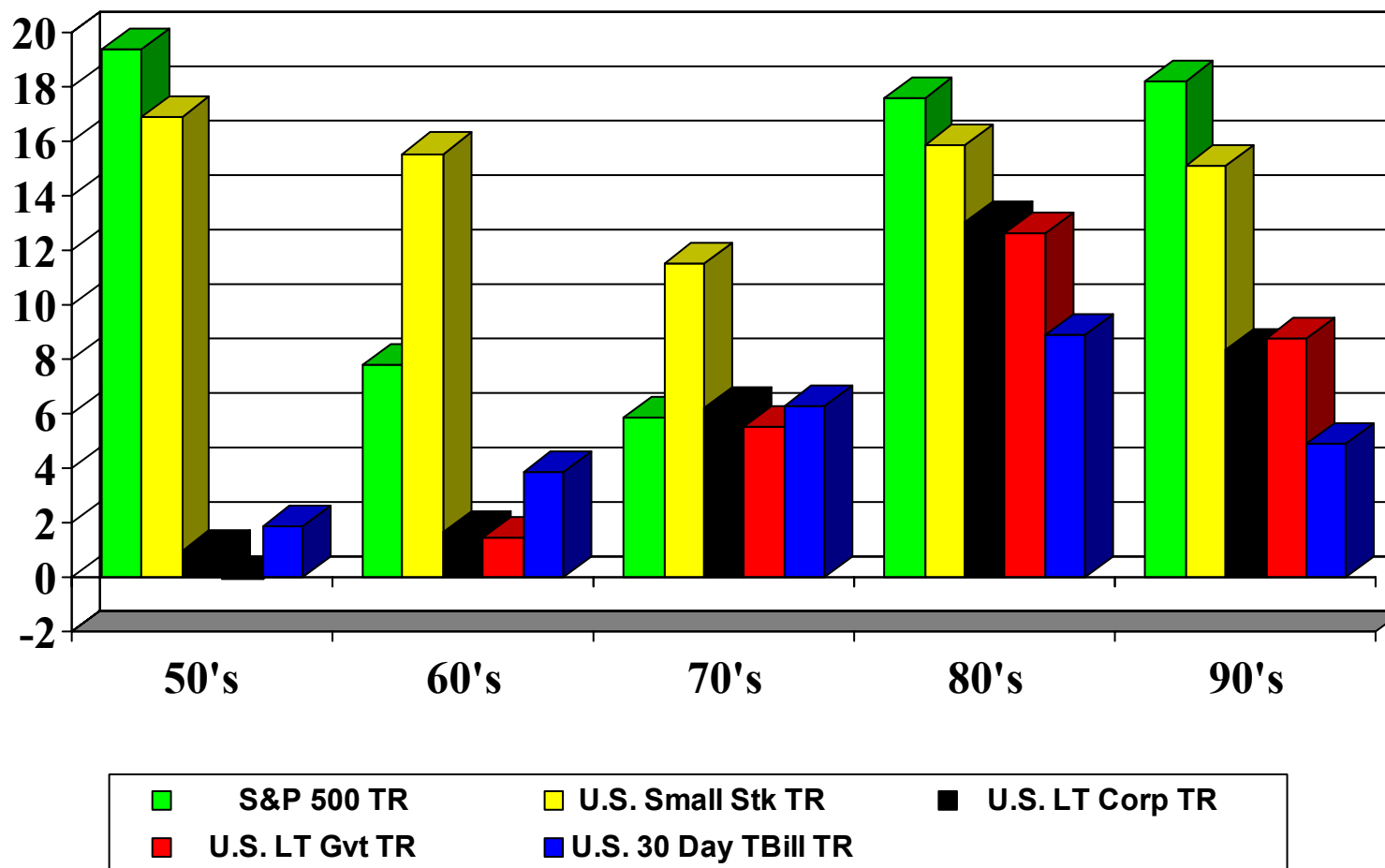


Source: Ibbotson Associates, Chicago Government bonds and Treasury Bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value. The prices of small company stocks are generally more volatile than those of large company stocks. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #4



# Asset Class Returns by Decade

## Annualized Returns



Source: Ibbotson Associates, Chicago Government bonds and Treasury Bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value. The prices of small company stocks are generally more volatile than those of large company stocks. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. IFS - A76901 Chart #5



# Asset Class Range of Returns 1926 to 2002

<b>Asset Class</b>	<b>Annualized Return</b>	<b>Range of Annual Returns</b>	<b>Value of \$1</b>
<b>Small Cap Stocks</b>	<b>12.15%</b>	<b>-58% to 143%</b>	<b>\$6,816.4</b>
<b>Large Cap Stocks</b>	<b>10.20%</b>	<b>-43% to 54%</b>	<b>\$1,775.3</b>
<b>LT Corp Bonds</b>	<b>5.90%</b>	<b>-8% to 42%</b>	<b>\$82.5</b>
<b>LT Gov't Bonds</b>	<b>5.45%</b>	<b>-9% to 40%</b>	<b>\$59.7</b>
<b>U.S. T-Bill</b>	<b>3.79%</b>	<b>-0.02% to 15%</b>	<b>\$17.5</b>

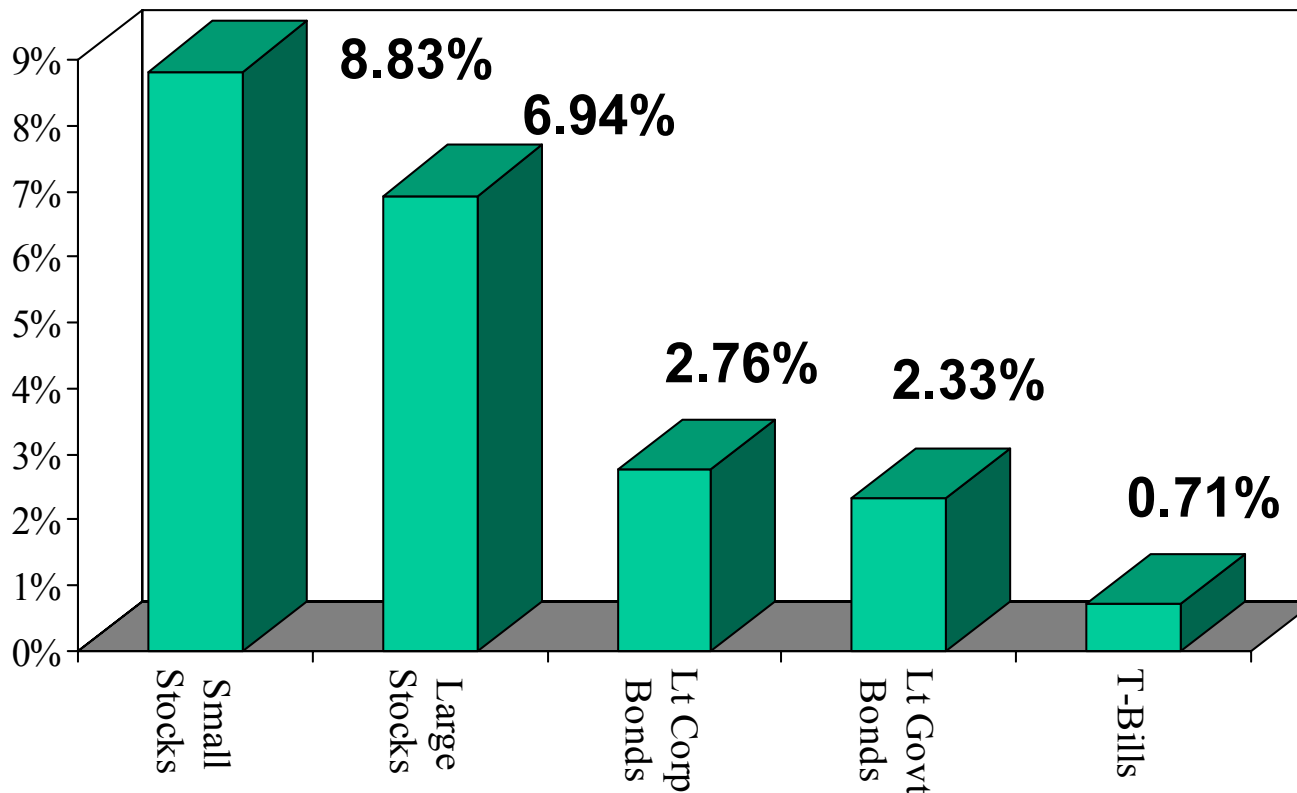
Past performance is no guarantee of future results. Individual investors cannot directly purchase an index.  
See Glossary of Indices for index descriptions.

**Source: Ibbotson Associates** IFS – A76901 Chart #6



# Asset Class Returns

**After Inflation  
1926 - 2002**



Source: Ibbotson Associates, Chicago. Government bonds and Treasury Bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value. The prices of small company stocks are generally more volatile than those of large company stocks. Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #7





# S&P Sector Returns for Various Periods

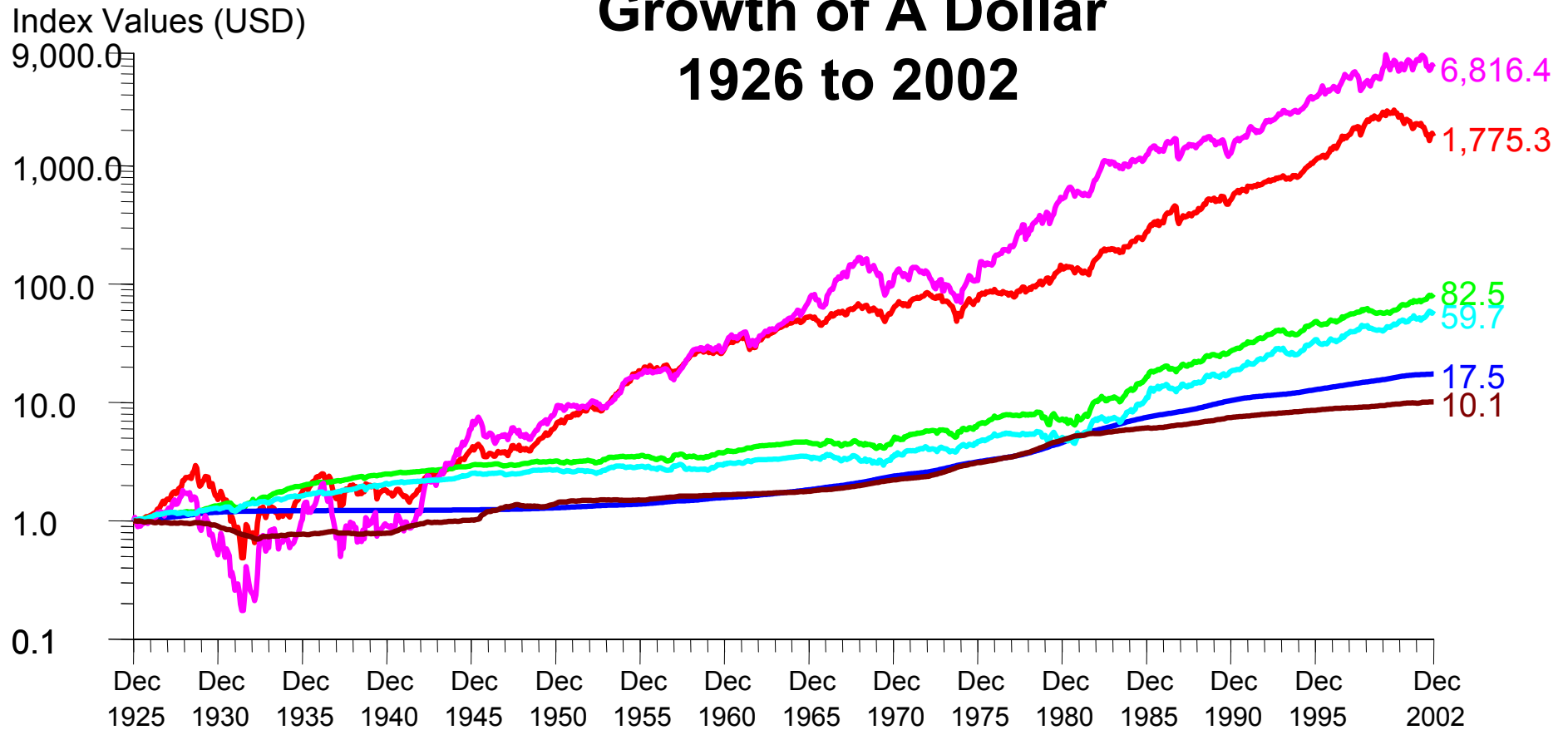
1995 to 2002

S&P 500 Sectors	Mean (%)	Deviation (%)	Return (%)	Return (%)	A Dollar
<b>Cons Discretion Sector</b>	9.13	23.85	41.14	-23.80	\$ 2.0
<b>Cons Staples Sector</b>	11.58	19.85	39.64	-15.09	\$ 2.4
<b>Energy Sector</b>	10.81	16.71	31.00	-11.10	\$ 2.3
<b>Financials Sector</b>	16.94	25.57	54.10	-14.60	\$ 3.5
<b>Health Care Sector</b>	16.79	30.08	58.00	-18.80	\$ 3.5
<b>Industrials Sector</b>	10.29	20.86	39.13	-26.3	\$ 2.2
<b>Info Tech Sector</b>	10.68	49.22	78.74	-40.9	\$ 2.3
<b>Materials Sector</b>	4.85	14.28	25.26	15.70	\$ 1.5
<b>Telecom Svc Sector</b>	3.38	35.44	52.37	-38.81	\$ 1.3
<b>Utilities Sector</b>	4.26	30.65	57.19	-30.44	\$ 1.4

Source: Ibbotson Associates, Chicago. All indexes are S&P 500. The prices of small company stocks are generally more volatile than those of large company stocks. Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #8



# Asset Class Returns Growth of A Dollar 1926 to 2002



— S&P 500 TR      — U.S. LT Corp TR      — U.S. 30 Day TBill TR  
— U.S. Small Stk TR      — U.S. LT Gvt TR      — U.S. Inflation

Source: Ibbotson Associates, Chicago

Government bonds and Treasury Bills are guaranteed by the U.S. Government and, if held to maturity, offer a fixed rate of return and fixed principal value. The prices of small company stocks are generally more volatile than those of large company stocks. Past performance is not a guarantee of future results.

Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #9



# Historical Risk & Returns for Various Asset Classes

Ending 12/2002

Period	Measure	Large Cap	Small Cap	LT Corp	LT Gvt	30 Day T Bill	Inflation
10 yrs	Return	9.18	12.60	8.81	9.53	4.29	2.53
	Risk	19.71	16.11	9.92	12.70	1.28	0.64
20 yrs	Return	13.11	12.30	12.32	12.36	5.88	3.18
	Risk	16.56	18.55	11.60	13.10	2.28	1.19
30 yrs	Return	10.92	13.87	9.21	9.18	6.49	4.91
	Risk	18.03	22.47	11.37	12.22	2.77	3.31
40 yrs	Return	9.97	13.49	7.69	7.51	6.00	4.49
	Risk	16.90	25.00	10.86	11.51	2.63	3.08
50 yrs	Return	11.20	13.80	6.64	6.35	5.22	3.85
	Risk	17.64	25.20	10.20	10.91	2.85	3.09
60 yrs	Return	12.18	15.94	5.87	5.64	4.46	4.12
	Risk	17.04	27.07	9.55	10.25	3.12	3.60
70 yrs	Return	11.35	15.42	6.02	5.65	3.85	3.61

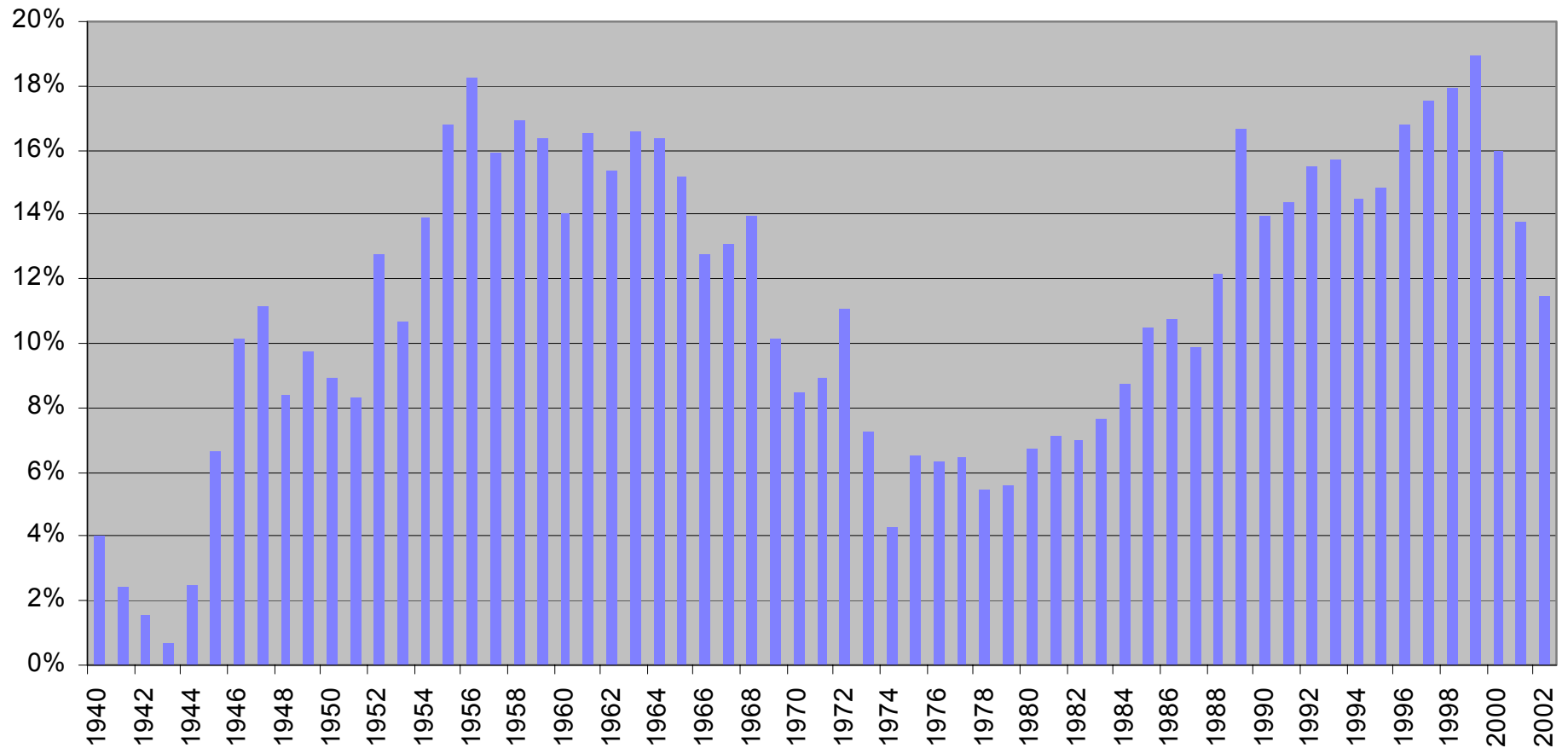
Past performance is no guarantee of future results. Individual investors cannot directly purchase an index. See Glossary of Indices for index descriptions.

Source: Ibbotson Associates IFS – A76901 Chart #10



# Equity Returns 15 - Year Holding Periods

S&P 500  
1926 - 2002



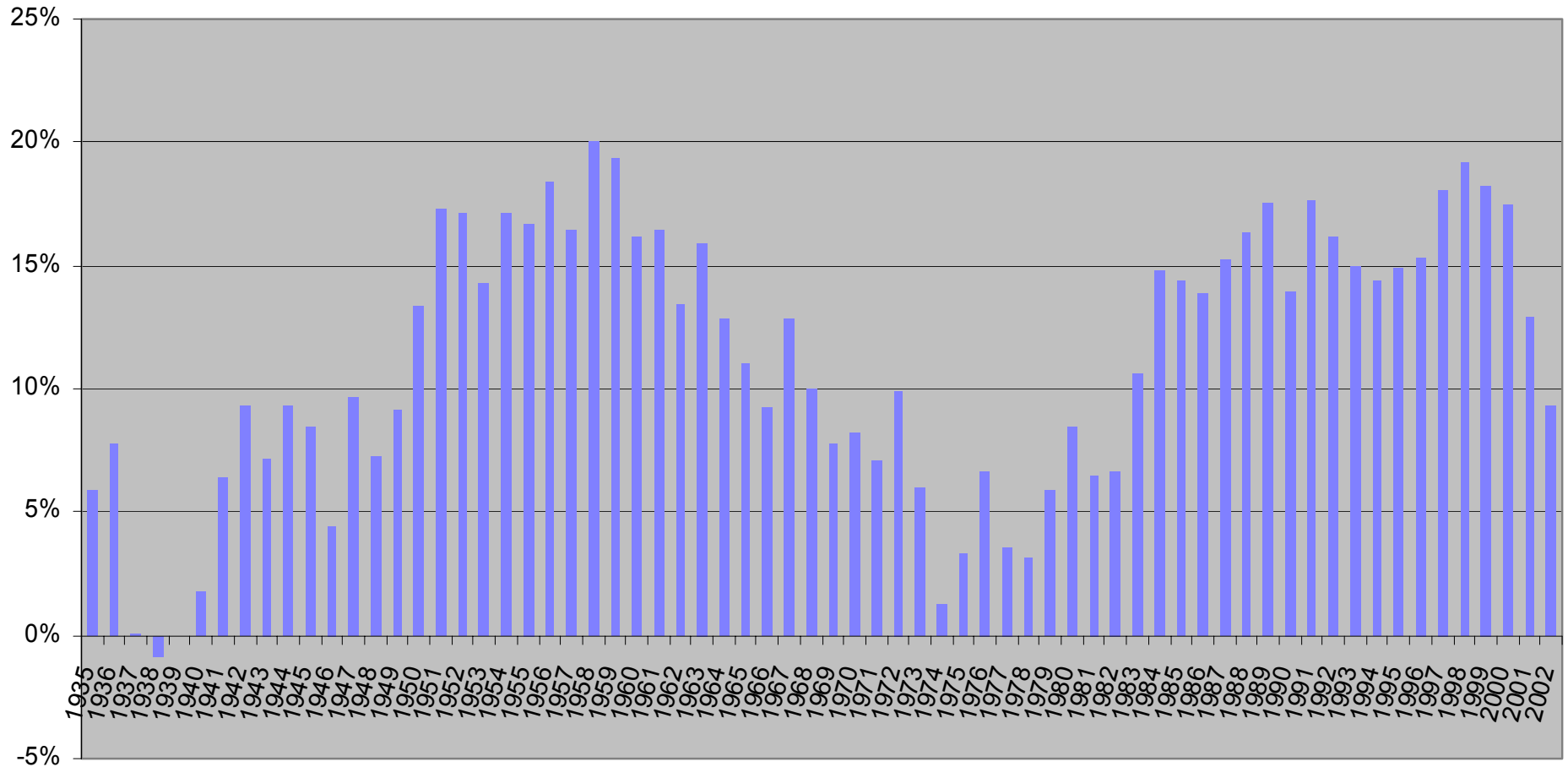
Past performance is no guarantee of future results. Individual investors cannot directly purchase an index. See Glossary of Indices for index descriptions.

Source: Ibbotson Associates IFS – A76901 Chart #11



# Equity Returns 10 - Year Holding Periods

S&P 500  
1926 - 2002



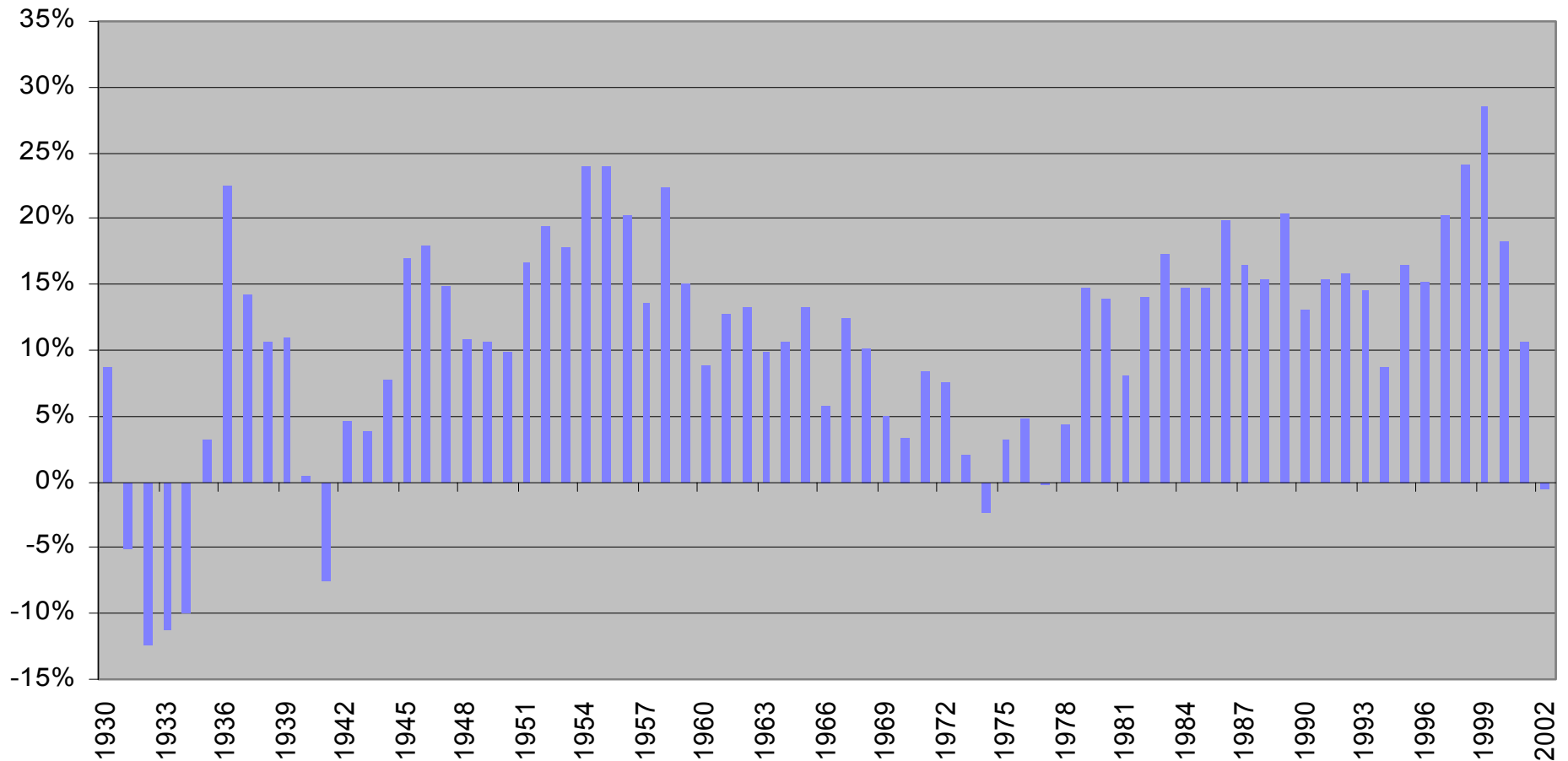
Past performance is no guarantee of future results. Individual investors cannot directly purchase an index. See Glossary of Indices for index descriptions.

Source: Ibbotson Associates IFS – A76901 Chart #12



# Equity Returns 5 - Year Holding Periods

S&P 500  
1926 - 2002



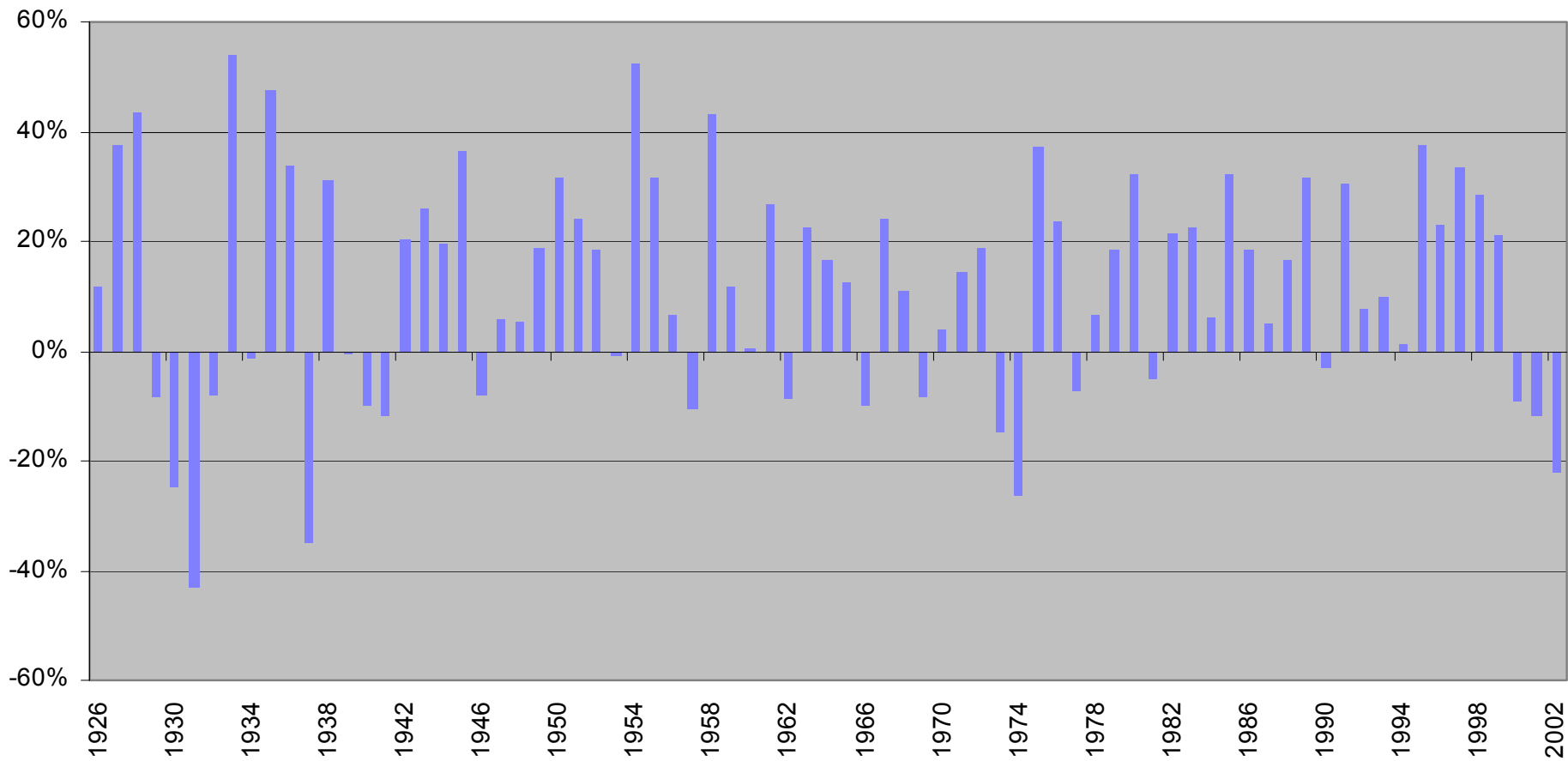
Past performance is no guarantee of future results. Individual investors cannot directly purchase an index. See Glossary of Indices for index descriptions.

Source: Ibbotson Associates IFS – A76901 Chart #13



# Equity Returns 1 - Year Holding Periods

S&P 500  
1926 - 2002



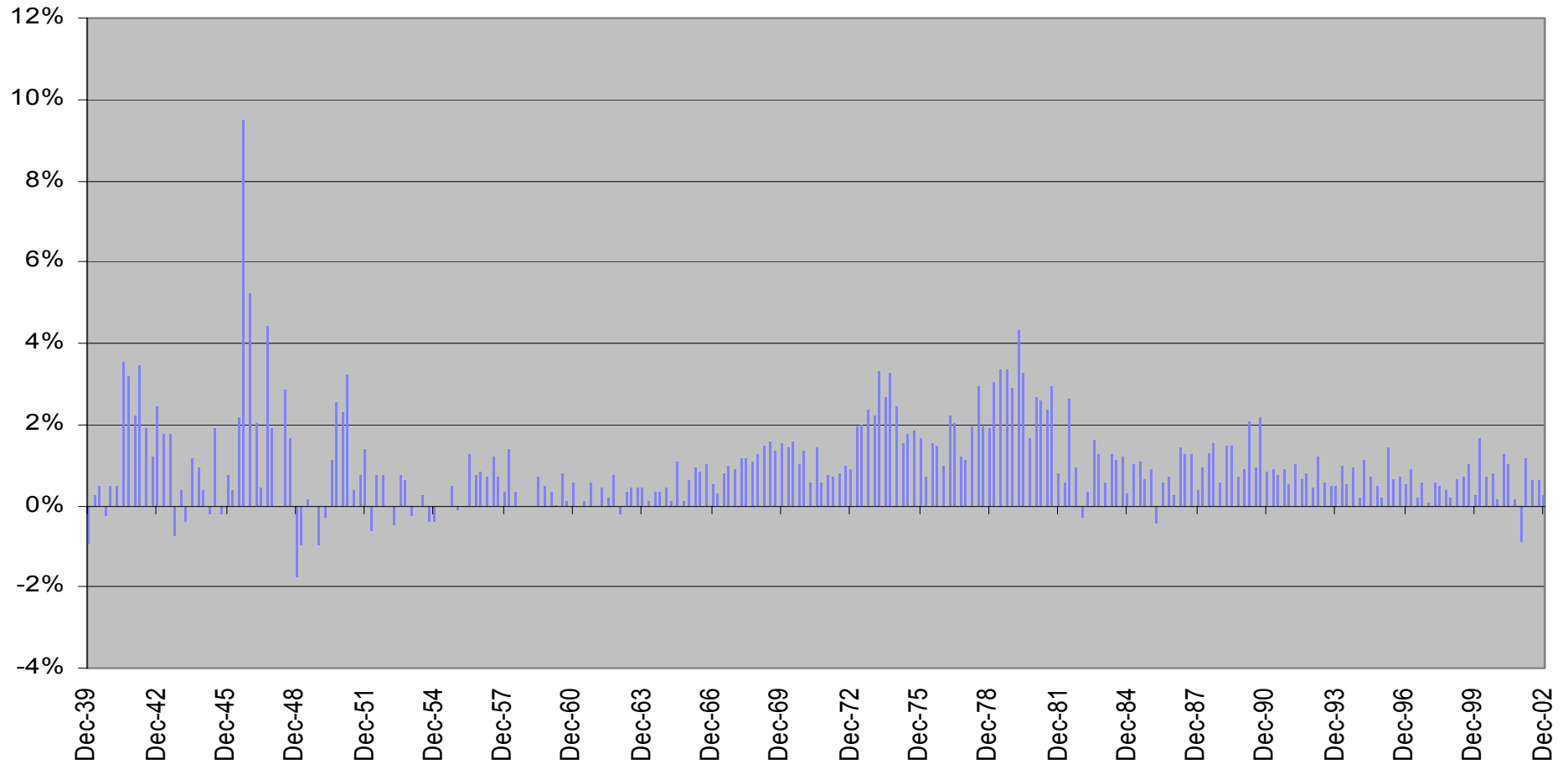
Past performance is no guarantee of future results. Individual investors cannot directly purchase an index. See Glossary of Indices for index descriptions.

Source: Ibbotson Associates IFS – A76901 Chart #14



# U.S. Inflation Returns 1940 to 2002

## Quarterly Returns



Past performance is no guarantee of future results. Individual investors cannot directly purchase an index. See Glossary of Indices for index descriptions.

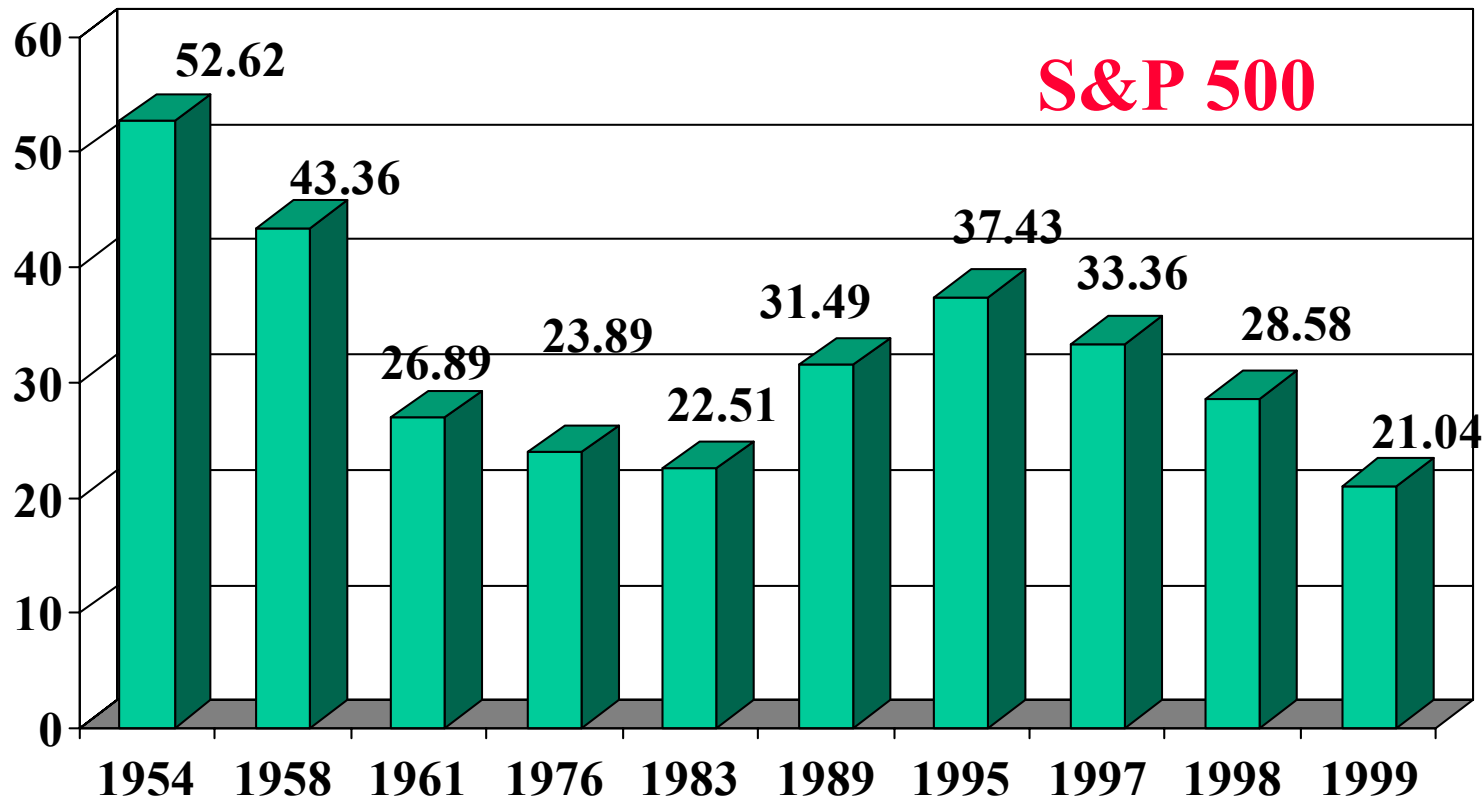
Source: Ibbotson Associates IFS – A76901 Chart #15





# Major Stock Market Advances Since 1950

% Return

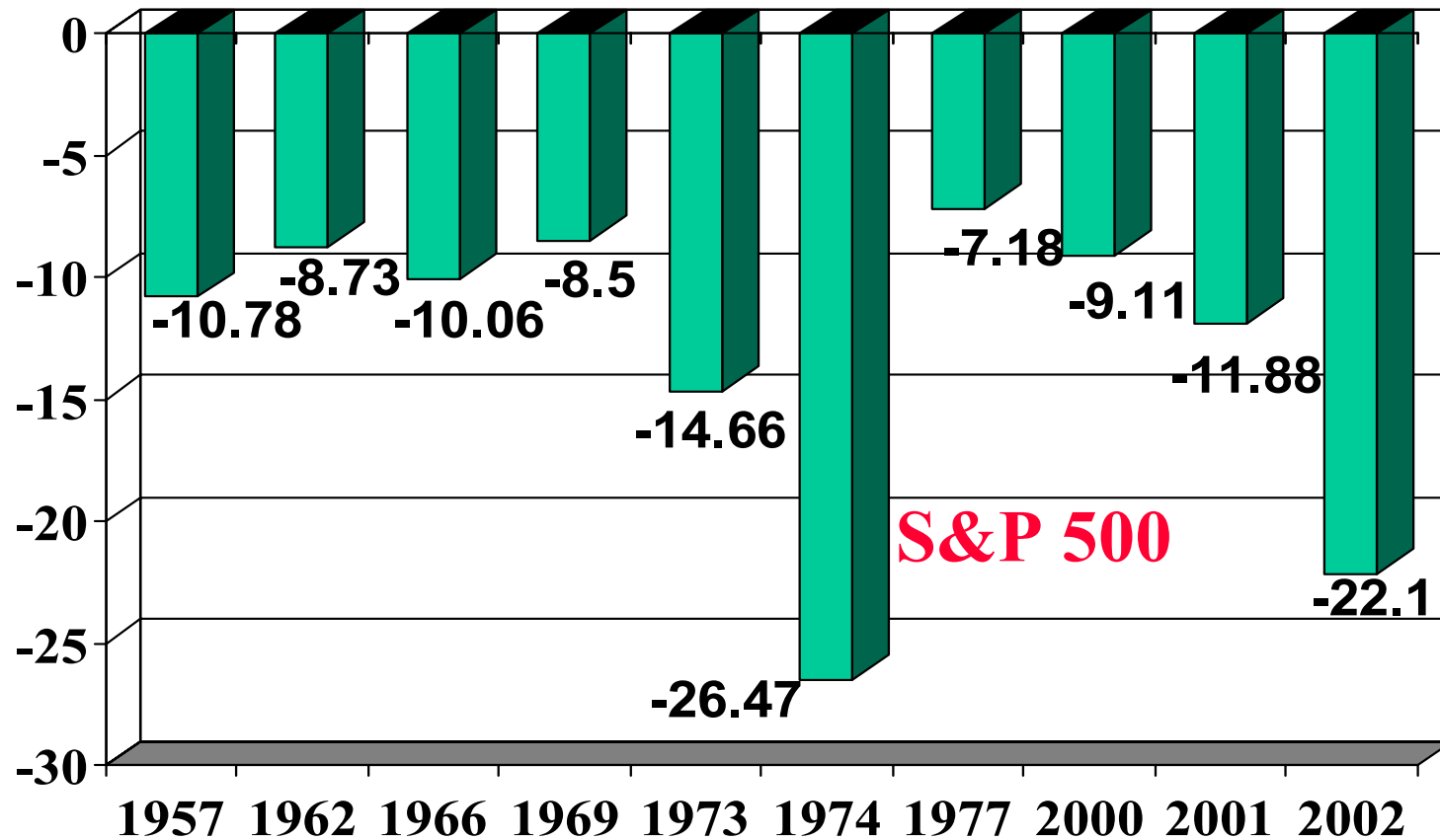


Source: Ibbotson Associates, This illustration is provided for informational purposes only. It is not intended to represent any specific investment, and is not indicative of future performance. Investors can not directly purchase any index. See Glossary of Indices for index descriptions. IFS – A76901 Chart #16



# Major Stock Market Declines Since 1950

% Return

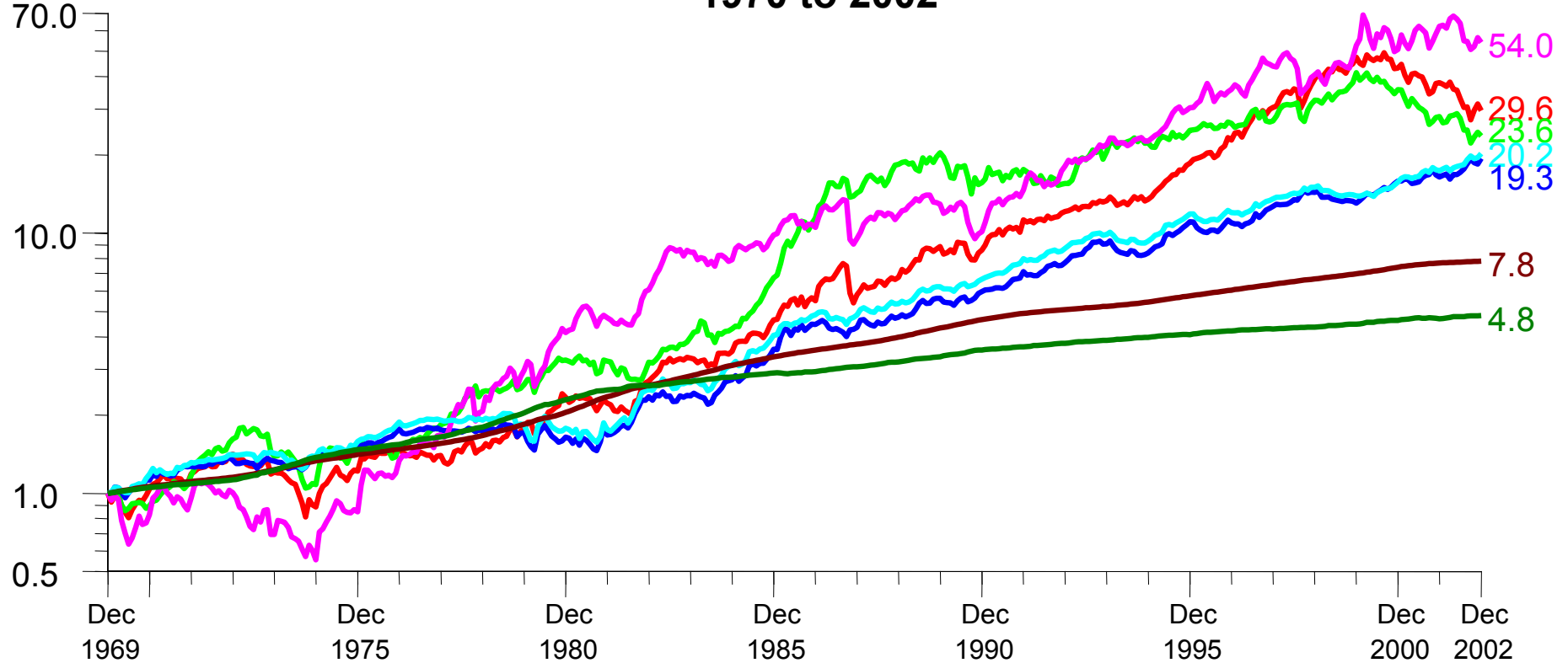


Source: Ibbotson Associates, This illustration is provided for informational purposes only. It is not intended to represent any specific investment, and is not indicative of future performance. Investors can not directly purchase any index. See Glossary of Indices for index descriptions IFS – A76901 Chart #17



# Growth of A Dollar w/ International 1970 to 2002

Index Values



- S&P 500 TR
- U.S. Small Stk TR
- U.S. Inflation
- MSCI EAFE TR
- U.S. LT Corp TR
- U.S. LT Gvt TR
- U.S. 30 Day TBill TR

Source: Ibbotson Associates, Chicago

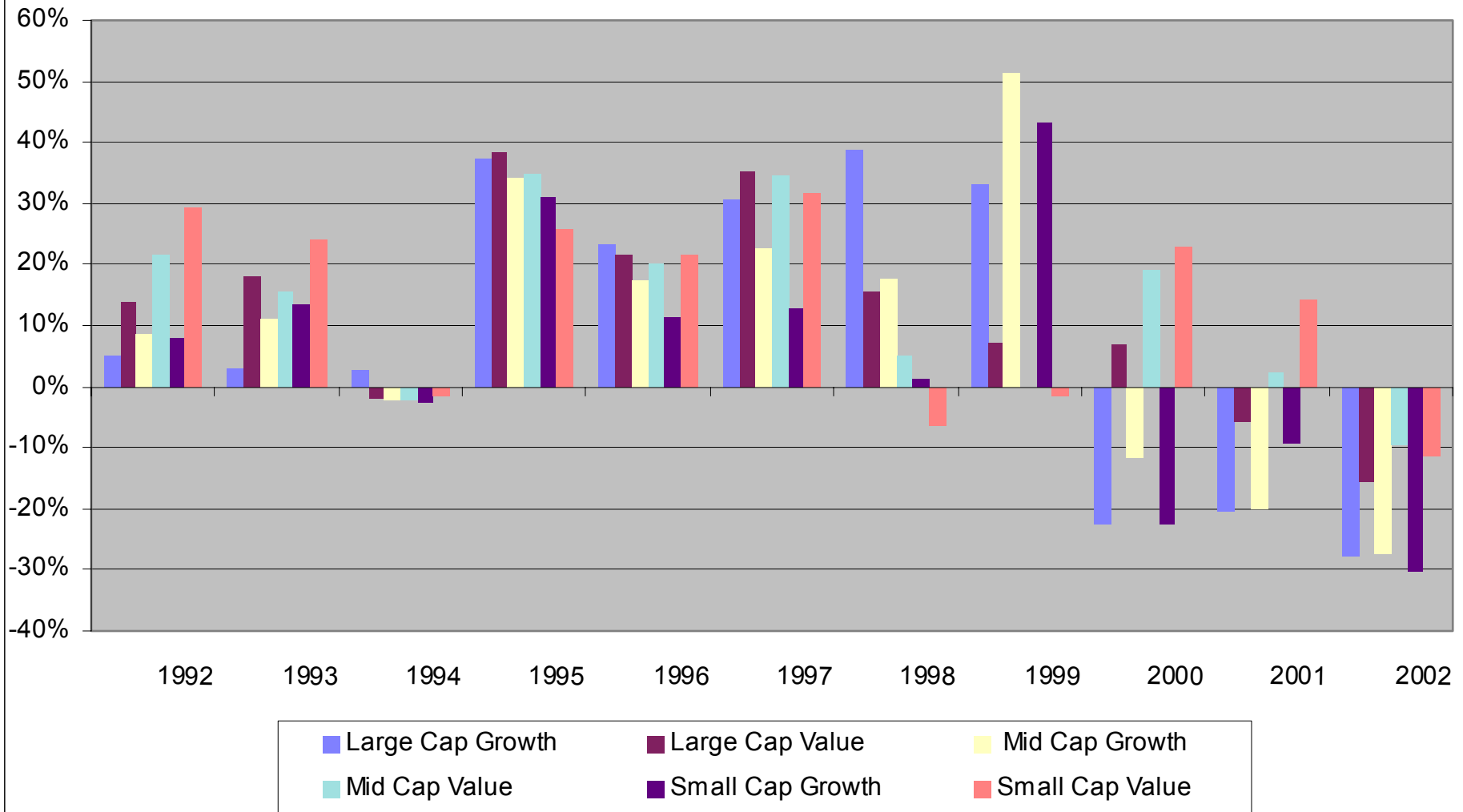
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Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #18



# Style Returns for Various Periods

1992 to 2002



Source: Ibbotson Associates, Chicago. The prices of small company stocks are generally more volatile than those of large company stocks. Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #19



# Best & Worst Style Returns

Market Sector/Style	Average Annual Returns Ending 12/2002				1978 to 2002			
	Last 5 yrs	Last 10 yrs	Last 15 yrs	Last 20 yrs	Worst QTR	Best QTR	Worst Year	Best Year
<b>Equity</b>								
Russell 1000 Growth	-3.84	6.71	10.18	10.91	-23.44	26.74	-27.9	41.16
Russell 1000 Value	1.16	10.81	12.18	13.49	-21.45	16.60	-15.5	38.35
Russell MidCap Growth	-1.82	6.71	10.23	N/A	-27.80	39.47	-27.4	51.29
Russell MidCap Value	2.95	11.06	12.87	N/A	-21.93	18.56	-16.08	37.92
Russell 2000 Growth	-6.59	2.62	6.36	5.81	-30.87	33.39	-30.3	52.26
Russell 2000 Value	2.71	10.86	12.49	12.65	-27.25	28.87	-21.77	41.7
MSCI EAFE	-2.61	4.30	3.41	10.52	-21.13	29.98	-23.19	69.94
<b>Fixed Income</b>								
LB Hi-Yld	0.39	5.87	7.77	N/A	-10.22	20.7	-9.59	46.19
U.S. LT Gvt	8.85	9.67	10.49	11.12	-14.51	24.36	-8.96	40.36
U.S. IT Gvt	8.18	7.29	8.28	9.15	-6.35	16.57	-5.14	29.1
U.S. 30 Day TBill	4.17	4.37	5.01	5.65	0.4	3.81	1.6	14.71

Source: Ibbotson Associates, Chicago. The prices of small company stocks are generally more volatile than those of large company stocks. Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. Past performance is not a guarantee of future results. Individual investor results will vary. See Glossary of Indices for index descriptions. IFS – A76901 Chart #20



# Glossary of Indices

The indices are presented to provide you with an understanding of their historic long-term performance, and are not presented to illustrate the performance of any security. Investors cannot directly purchase any index. Past performance is not a guarantee of future results. Individual investor results will vary.

**Small Stocks:** For 1982-2002, the small company stock return series is the total return achieved by the Dimensional Fund Advisors (DFA) Small Company 9/10 Fund. This fund is a market value-weighted index of the ninth and tenth deciles of the New York Stock Exchange (NYSE), plus stocks listed on the American Stock Exchange (AMEX) and over the counter (OTC) with same or less capitalization as the upper bound of the NYSE ninth decile. The equities of smaller companies from 1926-1980 are represented by the historical series developed by Professor Rolf W. Banz. This is composed of stocks making up the fifth quintile of the NYSE. For 1981, Dimensional Fund Advisors, Inc. updated the returns using Professor Banz's methods.

**Large Stocks:** The large stock total return index is based upon the Standard and Poor's composite index. The S&P 500 is an unmanaged weighted index of 500 stocks providing a broad indicator of price movement.

**Long-Term Corporate Bonds:** For 1969-2002, corporate bond total returns are represented by the Salomon Brothers' Long-Term High Grade Corporate Bond Index. The index includes nearly all Aaa and Aa rated bonds. Over 1926-1968, the total returns were calculated by summing the capital appreciation returns and the income returns. For the period 1946-1968, Ibbotson and Sinquefeld backdated the Salomon Brothers' Index, using Salomon Brothers' monthly yield data with a methodology similar to that used by Salomon for 1969-1991. Capital appreciation returns were calculated from yields assuming a 20-year maturity, a bond price equal to par, and a coupon equal to the beginning of the period yield. For the period 1926-1945, the Standard & Poor's monthly High Grade Corporate Composite Yield data were used, assuming a 4% coupon and a 20-year maturity. The conventional present value formula for bond price was used for the beginning and end of the month prices.

**Long-Term Government Bonds:** The total returns on long-term government bonds from 1977-2002 are constructed with data from the "Wall Street Journal." Over 1926-1976, data are obtained from the Government's file at the Center for Research in Security Prices (CRSP), Graduate School of Business, University of Chicago. Each year, a one-year bond portfolio with a term of approximately 20 years and a reasonably current coupon and whose returns did not reflect potential tax benefits, impaired negotiability, or special redemption or call privileges, was used. Where callable bonds had to be used, the term of the bond was assumed to be a simple average of the maturity and first call dates minus the current date. The bond was held for the calendar year and returns were computed.

**Intermediate Government Bonds:** The total returns for the 1987- 2002 period are calculated from the Wall Street Journal prices. Using the coupon accrual method total returns are calculated as the change in the flat or "and -interest" price. The flat price is the average of the bid and ask prices plus the accrual coupon. The accrual coupon is equal to zero on the day a coupon is paid.

**Lehman U.S. High Yield Index** - The Lehman Brothers High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Mexico, Venezuela, etc.) are excluded, but Yankee and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes and step-up coupon structures are also included.

**T-Bills:** For the U.S. Treasury Bill Index, data from the "Wall Street Journal" are used from 1977-2002; the CRSP U.S. Government Bond File is the source until 1976. Each month, a one-bill portfolio containing the shortest-term bill having not less than one month to maturity is constructed. To measure holding period returns for the one-bill portfolio, the bill is priced as of the last trading day of the current month.

# Glossary of Indices

## (continued from previous page)

**Inflation:** The Consumer Price Index for all Urban Consumers (CPI-U), not seasonally adjusted, is used to measure inflation, which is the rate of change of consumer good prices. All of the security returns are measured from one month-end to the next month-end. CPI commodity returns are collected during the month. Thus, measured inflation rates lag the other series by about one-half month. Prior to January 1978, the CPI (as compared with CPI-U) was used. Both inflation measures are constructed by the U.S. Department of Labor, Bureau of Labor Statistics.

**Russell 1000 Index** - Consists of the 1,000 largest securities in the Russell 3000 Index. This large capitalization (market-oriented) index represents the universe of stocks from which most active money managers typically select. The Russell 1000 is highly correlated with the S&P 500 Index. The Russell 3000 Index is composed of the 3,000 largest U.S. securities, as determined by total market capitalization.

**Russell 1000 Growth** - Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value** - Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values

**Russell 2000 Index** - Consists of the smallest 2,000 securities in the Russell 3000 Index. This is the Frank Russell Company's small capitalization index that is widely regarded in the industry as the premier measure of small capitalization stocks. The Russell 3000 Index is composed of the 3,000 largest U.S. securities, as determined by total market capitalization. R1000 Value – stocks with lower price-to-book ratios and lower forecasted growth values.

**Russell 2000 Growth** - Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 2000 Value** - Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values

**Russell Midcap Index** - Measures the performance of the smallest 800 companies in the Russell 1000 Index.

**Russell Midcap Growth** - Measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Midcap Value** - Measures the performance of those Russell M companies with lower price-to-book ratios and lower forecasted growth values

**MSCI EAFE:** The returns for International Stocks are based on the Morgan Stanley Capital International Europe, Australia, Far East Index (MSCI EAFE) for the period 1970-2002. index includes reinvestment of gross dividends before deduction of withholding taxes.

# Disclosures

Government bonds and Treasury bills are guaranteed by the US Gov't and, if held to maturity, as with all bonds offer a fixed rate of return and principal.

Stocks offer long term growth potential but may fluctuate more and provide less current income than other investments.

Standard deviation represents the amount, over a period of time, that a portfolio's return deviates from the mean or average annual return that the portfolio has Experienced.

The price of small company stocks generally are more volatile than those of large company stocks.

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Rev: 03/03

