

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.



Discovery Select® Variable Annuity



Discovery Select® Variable Annuity is issued by Pruco Life Insurance Company of New Jersey and distributed by Prudential Investment Management Services LLC. All are Prudential companies.

Understanding Variable Annuities

ANNUITIES AND THE BIG RETIREMENT PICTURE:

A tax-deferred retirement plan may lower your current taxable income, postpone taxes on earnings until withdrawn,¹ and allow tax-free transfers among investment options.

Sources of Retirement Income

If you're like most Americans, you may have to provide more than half of the income you'll need for the more than 20 years you may live in retirement.

42%	Personal Investments, Savings, Earnings and Others
40%	Social Security
18%	Employer Retirement Programs

Source: Social Security Administration, *Facts and Figures About Social Security*, 1998.

Consider an Annuity

Nonqualified annuities won't lower your taxable income, but they can postpone taxes on earnings until withdrawn.¹ Nonqualified annuities add other important benefits.

- Unlimited contributions.
- No required distributions at age 70½.
- Option of guaranteed income for life.²
- Offers a guaranteed fixed rate of return² (fixed annuity option in many variable annuities).
- A death benefit that passes account values to beneficiaries, and which may avoid probate, but is not tax free.

¹ Withdrawals prior to age 59½ are subject to tax penalties and ordinary income tax.

² Guarantee is based on the claims-paying ability of the issuing company, and does not apply to the investment performance or safety of the underlying investment.

This material includes a prospectus that describes in detail the Fund's objectives, investment policies, risks, sales charges, and other matters of interest. Please read the prospectus carefully, which begins on page 1, before you invest or send money.

What Is a Variable Annuity?

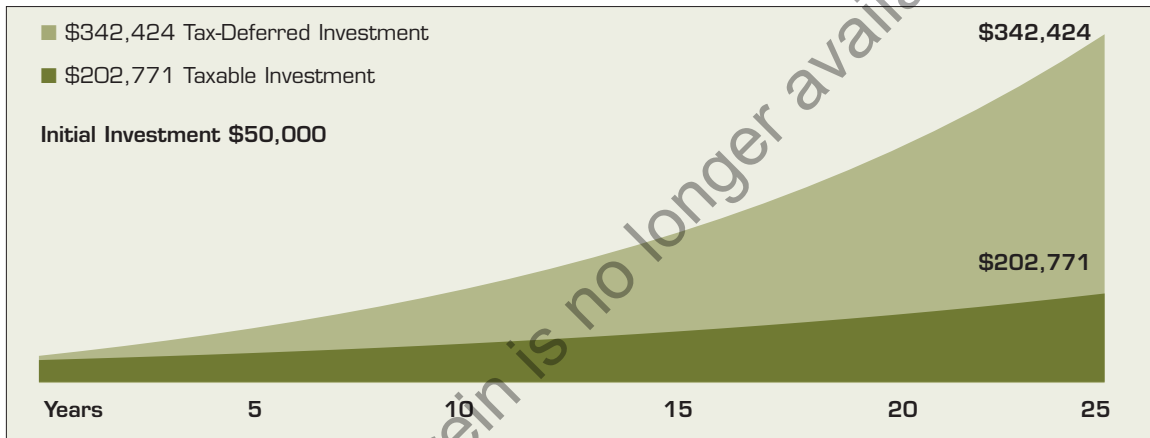
A variable annuity allows you to create a personal investment strategy by choosing among a range of investment options that will fluctuate in value. A variable annuity is designed for people willing to take more risk with their money in exchange for greater growth potential.

The Potential of Tax-Deferred Growth

You pay no taxes on annuity earnings until you withdraw your money. This means that all your money keeps working for you with-

out being reduced by annual taxation. Later, when you need your money, only your earnings are taxed. (See the chart below.)

VALUE OF \$50,000 INVESTED FOR 25 YEARS EARNING AN 8% AVERAGE ANNUAL RETURN



This chart shows two hypothetical \$50,000 investments, a taxable and tax-deferred. Both earn 8% a year for 25 years. It does not include the effect of mortality and expense charges, sales charges, and administrative fees typically found with variable annuities, which would lower the performance shown. The taxable investment is assumed to pay a combined federal and state tax rate of 28% each year on investment returns. The tax-deferred investment pays a combined federal and state tax of 33% on lump-sum withdrawal of earnings at the end of 25 years. According to this example, a \$342,424 lump-sum withdrawal would have been worth \$245,924 after taxes. Investors under the age of 59½ at the time of withdrawal may be subject to a 10% IRS penalty. This hypothetical example is not intended to represent the performance of any specific product.

Please note that the above illustration is hypothetical and is not intended to be a projection of future values. Discovery Select Variable Annuity has a mortality and expense risk charge of 1.40%, as well as an annual contract charge of \$30 if the contract value is less than \$50,000. If these fees and charges were included in the illustration above, the performance would have been lower.

And How Does It Work?

You select an investment program by choosing from stock, bond, and money market portfolios according to a strategy of growth, income and/or stability. The value of your annuity will vary according to the performance of the investment options that you choose. You can change your investment strategy as your needs or market conditions change without losing money to taxes.

How the Variable Options Work

Variable annuity purchasers are looking for more growth potential through their choice of investment options.

Variable investment options are associated with specific funds, each of which is managed by a portfolio manager who invests the money of annuity owners according to guidelines that specify the type of stocks or bonds to be purchased and the investment approach. The guidelines may be broadly or narrowly defined according to the prospectus of each subaccount.

Variable annuity owners need to be sure their choice of options is in line with their personal goals, their tolerance for risk, and the number of years until their retirement. Make sure you understand the purpose and strategy of your variable options, and don't be afraid to ask questions of your financial professional—that's what he or she is paid for.

YOUR VARIABLE INVESTMENT OPTIONS



The chart above shows the approximate relationship among various investment categories in terms of risk and return potential as reported by Morningstar Inc. in August 1996.

Questions?

Dial (888) PRU-2888 (778-2888) to speak to a Prudential service specialist.

DISCOVERY SELECT[®]

Variable Annuity

PROSPECTUS: MAY 1, 2001

This prospectus describes an individual variable annuity contract offered by Pruco Life Insurance Company of New Jersey (Pruco Life of New Jersey).

Pruco Life of New Jersey is an indirect wholly-owned subsidiary of The Prudential Insurance Company of America.

The Funds

Discovery Select offers a wide variety of investment choices, including 40 variable investment options that invest in mutual funds managed by these leading asset managers.

Prudential Investments

A I M Capital Management, Inc.

Alliance Capital Management L.P.

American Century

Credit Suisse Asset Management, LLC

Davis Selected Advisers, L.P.

Fidelity Management & Research Co.

Franklin Advisers

INVESCO Funds Group, Inc.

Janus Capital

Jennison Associates

MFS

Oppenheimer Capital

PIMCO

T. Rowe Price

Please Read this Prospectus

Please read this prospectus before purchasing a Discovery Select variable annuity contract and keep it for future reference. Current prospectuses for each of the underlying mutual funds accompany this prospectus. These prospectuses contain important information about the mutual funds. Please read these prospectuses and keep them for reference.

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

To Learn More About Discovery Select

To learn more about the Discovery Select variable annuity, you can request a copy of the Statement of Additional Information (SAI) dated May 1, 2001. The SAI has been filed with the Securities and Exchange Commission (SEC) and is legally a part of this prospectus. Pruco Life of New Jersey also files other reports with the SEC. All of these filings can be reviewed and copied at the SEC's offices, and can also be obtained from the SEC's Public Reference Section, 450 5th Street N.W., Washington, D.C. 20549. The SEC also maintains a Web site (<http://www.sec.gov>) that contains the Discovery Select SAI, material incorporated by reference, and other information regarding registrants that file electronically with the SEC. The Table of Contents of the SAI is on Page 35 of this prospectus.

For a Free Copy of the SAI call us at:

- ➔ (888) PRU-2888 or write to us at:
- ➔ Pruco Life Insurance Company of New Jersey
213 Washington Street
Newark, New Jersey 07102-2992
- ➔ Prudential Annuity Service Center
P.O. Box 7960
Philadelphia, PA 19101

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PART III: PROSPECTUSES

VARIABLE INVESTMENT OPTIONS

The Prudential Series Fund

AIM Variable Insurance Funds

Alliance Variable Products Series Fund, Inc.

American Century Variable Portfolios, Inc.

Credit Suisse Warburg Pincus Trust

Davis Variable Account Fund, Inc.

Franklin Templeton Variable Insurance Products Trust

Janus Aspen Series

MFS Variable Insurance Trust

OCC Accumulation Trust

T. Rowe Price

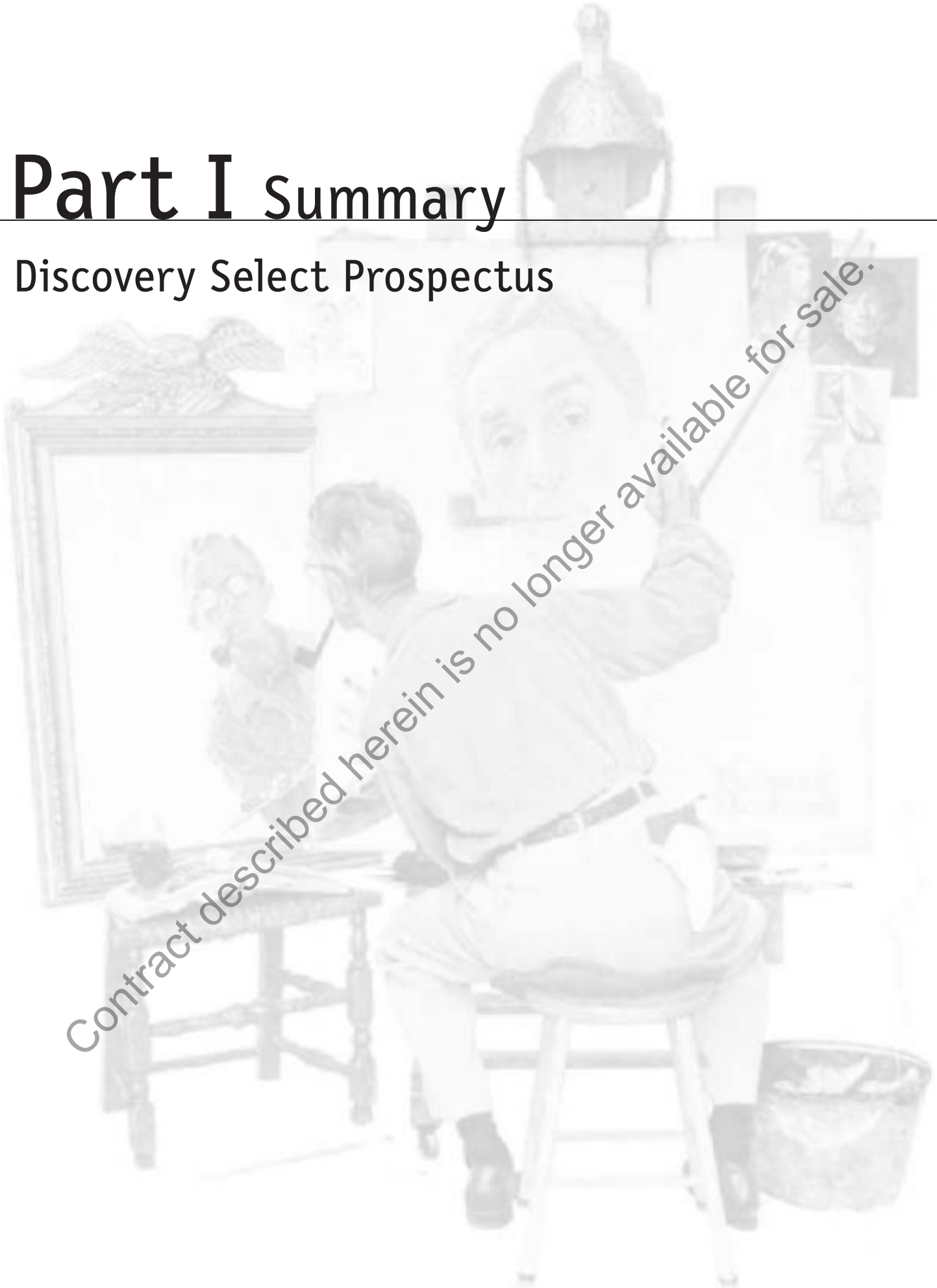
Contract described herein is no longer available for sale.

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Part I Summary

Discovery Select Prospectus

Contract described herein is no longer available for sale.



Glossary

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

ACCUMULATION PHASE

The period that begins with the contract date (see below definition) 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.

ANNUITANT

The person whose life determines how long the contract lasts and the amount of income payments that will be paid.

ANNUITY DATE

The date when income payments are scheduled to begin.

BENEFICIARY

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

CASH VALUE

This is the total value of your contract minus any withdrawal charge(s) or market-value adjustment, if applicable.

CO-ANNUITANT

The person shown on the contract data pages who becomes the Annuitant upon the death of the Annuitant before the Annuity Date. No Co-Annuitant may be designated if the Owner is a non-natural person.

CONTRACT DATE

The date we receive your initial purchase payment and all necessary paperwork in good order at the Prudential Annuity Service Center. Contract anniversaries are measured from the contract date. A contract year starts on the contract date or on a contract anniversary.

CONTRACT OWNER, OWNER OR YOU

The person entitled to the ownership rights under the contract.

CONTRACT VALUE

The total value of the amounts in a contract allocated to the variable investment options and the interest rate options as of a particular date.

DEATH BENEFIT

If the sole or last surviving annuitant dies, the designated person(s) or the beneficiary will receive, at a minimum, the

total amount invested or a potentially greater amount related to market appreciation. See “What is the Death Benefit?” on page 24.

INCOME OPTIONS

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

INTEREST-RATE OPTION

An investment option that offers a fixed-rate of interest for a selected period during which periodic transfers are made to selected variable investment options (dollar cost averaging option), a one-year period (fixed-rate option) or a seven-year period (market-value adjustment option).

PRUDENTIAL ANNUITY SERVICE CENTER

For general correspondence: P.O. Box 7960, Philadelphia, PA 19101. For express overnight mail: 2101 Welsh Road, Dresher, PA 19025. The phone number is (888) PRU-2888.

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

TAX DEFERRAL

This is a way to increase your assets without currently being taxed. You do not pay taxes on your contract earnings until you take money out of your contract.

VARIABLE INVESTMENT OPTION

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

Summary of Sections 1–9

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

SECTION 1

What is the Discovery Select Variable Annuity?

This variable annuity contract, offered by Pruco Life of New Jersey, is a contract between you, as the owner, and us. The contract allows you to invest on a tax-deferred basis in one or more of 40 variable investment options. There are also two fixed interest rate options which are available in most states. The contract is intended for retirement savings or other long-term investment purposes and provides a death benefit and guaranteed income options.

The variable investment options are designed to offer the opportunity over the long term for a better return than the fixed interest rate options. However, this is NOT guaranteed. It is possible, due to market changes, that your investments may decrease in value.

The fixed interest-rate options offer an interest-rate that is guaranteed. While your money is in a fixed account, your principal amount is guaranteed and the interest amount that your money will earn is guaranteed by us to always be at least 3.0%. Payments allocated to the fixed interest-rate options become part of Pruco Life of New Jersey's general assets. As a result, the strength of our guarantee is based on the overall financial strength of Pruco Life of New Jersey.

You can invest your money in any or all of the variable investment options and the interest-rate options. You are allowed 12 transfers each contract year among the variable investment options, without a charge. There are certain restrictions on transfers involving the interest-rate options.

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 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 of the payments 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 selected.

Free Look. If you change your mind about owning Discovery Select, you may cancel your contract within 10 days after receiving it (or whatever time period is required in the state where the contract was issued).

SECTION 2

What Investment Options Can I Choose?

You generally can invest your money in any of the variable investment options that invest in the mutual funds described in the fund prospectuses provided with this prospectus:

The Prudential Series Fund

- Diversified Bond Portfolio
- Diversified Conservative Growth Portfolio
- Equity Portfolio
- Global Portfolio
- High Yield Bond Portfolio
- Money Market Portfolio
- Prudential Jennison Portfolio
- Small Capitalization Stock Portfolio
- Stock Index Portfolio
- Value Portfolio
- 20/20 Focus Portfolio
- SP Aggressive Growth Asset Allocation Portfolio
- SP Alliance Technology Portfolio
- SP Balanced Asset Allocation Portfolio
- SP Conservative Asset Allocation Portfolio
- SP Growth Asset Allocation Portfolio
- SP INVESCO Small Company Growth Portfolio
- SP Jennison International Growth Portfolio
- SP Large Cap Value Portfolio
- SP MFS Capital Opportunities Portfolio
- SP MFS Mid-Cap Growth Portfolio
- SP PIMCO Total Return Portfolio
- SP Prudential U.S. Emerging Growth Portfolio
- SP Small/Mid Cap Value Portfolio
- SP Strategic Partners Focused Growth Portfolio

AIM Variable Insurance Funds

- AIM V.I. Growth and Income Fund
- AIM V.I. Value Fund

Summary of Sections 1–9 *continued*

Alliance Variable Products Series Fund, Inc.

Alliance Premier Growth Portfolio

American Century Variable Portfolios, Inc.

American Century VP Value

Credit Suisse Warburg Pincus Trust

Global Post-Venture Capital Portfolio

Davis Variable Account Fund, Inc.

Davis Value Portfolio

Franklin Templeton Variable Insurance Products Trust

Franklin Small Cap Fund — Class 2

Janus Aspen Series

Growth Portfolio

International Growth Portfolio

MFS Variable Insurance Trust

Emerging Growth Series

Research Series

OCC Accumulation Trust

Managed Portfolio

Small Cap Portfolio

T. Rowe Price

Equity Series—Equity Income Portfolio

International Series—International Stock Portfolio

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

You can also put your money into one or more of the fixed interest-rate options.

Depending on the terms of your contract, not all portfolios of the Prudential Series Fund may be available to you.

SECTION 3

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

If you want to receive regular income from your annuity, you can choose one of several options, including guaranteed payments for the annuitant's lifetime. Generally, once you begin receiving regular payments, you cannot change your payment plan.

SECTION 4

What Is The Death Benefit?

If the sole or last surviving annuitant dies the designated person(s) or the beneficiary will receive at a minimum, the total amount invested or a potentially greater amount related to market appreciation.

SECTION 5

How Can I Purchase A Discovery Select Annuity Contract?

You can purchase this contract, under most circumstances, with a minimum initial purchase payment of \$10,000. You can add \$1,000 or more at any time during the accumulation phase of the contract. Your representative can help you fill out the proper forms.

SECTION 6

What Are The Expenses Associated With The Discovery Select Contract?

The contract has insurance features and investment features, and there are costs related to each.

Each year we deduct a \$30 contract maintenance charge if your contract value is less than \$50,000. For insurance and administrative costs, we also deduct an annual charge of 1.40% of the average daily value of all assets allocated to the variable investment options. This charge is not assessed against amounts allocated to the interest-rate investment options.

There are also charges associated with the mutual funds. These charges currently range from 0.39% to 1.40% per year of a fund's average daily 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 1–7%.

SECTION 7

How Can I Access My Money?

You may take money out at any time during the accumulation phase. If you do so, however, you may be subject to income tax, and if you make a withdrawal prior to age 59½, an additional tax penalty as well. Each year, you may withdraw up to 10% of your total purchase payments without charge. Withdrawals greater than 10% of your purchase payments will be subject to a withdrawal charge. This charge decreases 1% each year. After the 7th year, there is no charge for a withdrawal. You may also be subject to income tax and a tax penalty if you make an early withdrawal.

SECTION 8

What Are The Tax Considerations Associated With The Discovery Select Contract?

Your earnings are not taxed until withdrawn. If you take money out during the accumulation phase, earnings are withdrawn first and are taxed as ordinary income. If you are younger than age 59½ when you take money out, you may be charged a 10% federal tax penalty on the earnings in addition to ordinary taxation. A portion of the payments you receive during the income phase is considered partly a 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 (excluding Roth IRAs) are fully taxable and subject to the 10% penalty if withdrawn prior to age 59½.

SECTION 9

Other Information

This contract is issued by Pruco Life of New Jersey, a subsidiary of The Prudential Insurance Company of America.

Contract described herein is no longer available for sale.

Summary of Contract Expenses

The purpose of this summary is to help you to understand the costs you will pay for Discovery Select. This summary includes the expenses of the mutual funds used by the variable investment options but does not include any premium taxes that might be applicable in your state.

For More Detailed Information:

More detailed information can be found on page 26 under the section called, "What Are The Expenses Associated With The Discovery Select Contract?" For more detailed expense information about the mutual funds, please refer to the individual fund prospectuses which you will find at the back of this prospectus.

TRANSACTION EXPENSES

Withdrawal Charge (see Note 1 below)

During contract year 1	7%
During contract year 2	6%
During contract year 3	5%
During contract year 4	4%
During contract year 5	3%
During contract year 6	2%
During contract year 7	1%

Transfer Fee (see Note 2 below)

first 12 transfers per year	\$0.00
each transfer after 12	\$25.00

Annual Contract Fee and Full Withdrawal Fee (see Note 3 below)

\$30.00

ANNUAL ACCOUNT EXPENSES

AS A PERCENTAGE OF THE AVERAGE ACCOUNT VALUE

Mortality and Expense Risk:	1.25%
Administrative Fee:	0.15%
Total:	1.40%

Note 1: As of the beginning of the contract year, you may withdraw up to 10% of the total purchase payments plus any charge-free amount carried over from the previous contract year without charge. There is no withdrawal charge on any amount used to provide income under the Life Annuity with 120 payments (10 years) certain option. (see page 23). Surrender charges are waived when a death benefit is paid.

Note 2: You will not be charged for transfers made in connection with dollar cost averaging and auto-rebalancing.

Note 3: This fee is not charged on withdrawals if the value of your contract is \$50,000 or more.

Notes for Annual Mutual Fund Expenses:

These expenses are based on the historical fund expenses for the year ended December 31, 2000, except as indicated. Fund expenses are not fixed or guaranteed by the Discovery Select contract and may vary from year to year.

(1) The Prudential Series Fund:

Because this is the first full year of operations for all "SP" Portfolios, other expenses are estimated based on management projections of non-advisory fee expenses. Each "SP" Portfolio has expense reimbursement in effect, and the table shows total expenses both with and without these expense reimbursements. These expense reimbursements are voluntary and may be terminated at any time.

(2) American Century Variable Portfolios Inc. and T. Rowe Price Funds

Investment Management Fees include ordinary expenses of operating the funds.

(3) Credit Suisse Warburg Pincus Trust and Davis Variable Account Fund, Inc.

Fee waivers and expense reimbursement or credits reduced investment management fees and other expenses during 2000, but may be discontinued at any time.

(4) Franklin Templeton Variable Insurance Products Trust

The Fund's class 2 distribution plan or "rule 12b-1 plan" is described in the Fund's prospectus. The manager has agreed in advance to make an estimated reduction of 0.04% of its fee to reflect reduced services resulting from the Fund's investment in a Franklin Templeton money fund. This reduction is required by the Fund's Board of Trustees and an order of the Securities and Exchange Commission.

(5) Janus Aspen Series

Table reflects expenses based upon expenses for the fiscal year ended December 31, 2000, restated to reflect a reduction in the management fee. All expenses are shown without the effect of any offset arrangement.

(6) MFS Variable Insurance Trust

An expense offset arrangement with the Fund's custodian resulted in a reduction in other expenses by 0.01%.

ANNUAL MUTUAL FUND EXPENSES (AFTER REIMBURSEMENT, IF ANY):

AS A PERCENTAGE OF EACH PORTFOLIO'S AVERAGE DAILY NET ASSETS

	INVESTMENT MANAGEMENT FEE	12b-1 FEE	OTHER EXPENSES	TOTAL CONTRACTUAL EXPENSES	TOTAL ACTUAL EXPENSES*
The Prudential Series Fund¹					
Diversified Bond Portfolio	0.40%	N/A	0.05%	0.45%	0.45%
Diversified Conservative Growth Portfolio	0.75%	N/A	0.18%	0.93%	0.93%
Equity Portfolio	0.45%	N/A	0.04%	0.49%	0.49%
Global Portfolio	0.75%	N/A	0.10%	0.85%	0.85%
High Yield Bond Portfolio	0.55%	N/A	0.05%	0.60%	0.60%
Money Market Portfolio	0.40%	N/A	0.04%	0.44%	0.44%
Prudential Jennison Portfolio	0.60%	N/A	0.04%	0.64%	0.64%
Small Capitalization Stock Portfolio	0.40%	N/A	0.08%	0.48%	0.48%
Stock Index Portfolio	0.35%	N/A	0.04%	0.39%	0.39%
Value Portfolio	0.40%	N/A	0.05%	0.45%	0.45%
20/20 Focus Portfolio	0.75%	N/A	0.13%	0.88%	0.88%
SP Aggressive Growth Asset Allocation Portfolio	0.84%**	N/A	0.40%	1.24%	1.04%
SP Alliance Technology Portfolio	1.15%	N/A	0.65%	1.80%	1.30%
SP Balanced Asset Allocation Portfolio	0.75%**	N/A	0.33%	1.08%	0.92%
SP Conservative Asset Allocation Portfolio	0.71%**	N/A	0.30%	1.01%	0.87%
SP Growth Asset Allocation Portfolio	0.80%**	N/A	0.35%	1.15%	0.97%
SP INVESCO Small Company Growth Portfolio	0.95%	N/A	1.08%	2.03%	1.15%
SP Jennison International Growth Portfolio	0.85%	N/A	0.45%	1.30%	1.24%
SP Large Cap Value Portfolio	0.80%	N/A	1.00%	1.80%	0.90%
SP MFS Capital Opportunities Portfolio	0.75%	N/A	0.96%	1.71%	1.00%
SP MFS Mid-Cap Growth Portfolio	0.80%	N/A	0.63%	1.43%	1.00%
SP PIMCO Total Return Portfolio	0.60%	N/A	0.26%	0.86%	0.76%
SP Prudential U.S. Emerging Growth Portfolio	0.60%	N/A	0.47%	1.07%	0.90%
SP Small/Mid Cap Value Portfolio	0.90%	N/A	0.51%	1.41%	1.05%
SP Strategic Partners Focused Growth Portfolio	0.90%	N/A	0.85%	1.75%	1.01%
AIM Variable Insurance Funds, Inc.					
AIM V.I. Growth and Income Fund	0.60%	N/A	0.24%	0.84%	0.84%
AIM V.I. Value Fund	0.61%	N/A	0.23%	0.84%	0.84%
Alliance Variable Products Series Fund, Inc.²					
Alliance Premier Growth Portfolio—Class B	1.00%	0.25%	0.05%	1.30%	1.30%
American Century Variable Portfolios, Inc.³					
American Century VP Value	1.00%	N/A	0.00%	1.00%	1.00%
Credit Suisse Warburg Pincus Trust⁴					
Global Post-Venture Capital Portfolio	1.25%	N/A	0.28%	1.53%	1.40%
Davis Variable Account Fund, Inc.⁴					
Davis Value Portfolio	0.75%	N/A	0.26%	1.01%	1.00%
Franklin Templeton Variable Insurance Products Trust⁵					
Franklin Small Cap Investments Fund—Class 2	0.53%	0.25%	0.28%	1.06%	1.02%

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Summary of Contract Expenses *continued*

ANNUAL MUTUAL FUND EXPENSES (CONTINUED) (AFTER REIMBURSEMENT, IF ANY):

AS A PERCENTAGE OF EACH PORTFOLIO'S AVERAGE DAILY NET ASSETS

	INVESTMENT MANAGEMENT FEE 12b-1	FEE	OTHER EXPENSES	TOTAL CONTRACTUAL EXPENSES	TOTAL ACTUAL EXPENSES*
Janus Aspen Series—Institutional Shares⁶					
Growth Portfolio	0.65%	N/A	0.02%	0.67%	0.67%
International Growth Portfolio	0.65%	N/A	0.06%	0.71%	0.71%
MFS Variable Insurance Trust⁷					
Emerging Growth Series	0.75%	N/A	0.10%	0.85%	0.84%
Research Series	0.75%	N/A	0.10%	0.85%	0.84%
OCC Accumulation Trust					
Managed Portfolio	0.78%	N/A	0.08%	0.86%	0.86%
Small Cap Portfolio	0.80%	N/A	0.10%	0.90%	0.90%
T. Rowe Price³					
Equity Series—Equity Income Portfolio	0.85%	N/A	0.00%	0.85%	0.85%
International Series—International Stock Portfolio	1.05%	N/A	0.00%	1.05%	1.05%

* Reflects the effect of management fee waivers and reimbursement of expenses, if any. See notes on page 10.

** Each Asset Allocation portfolio invests in shares of other Series Fund portfolios. The advisory fees for the Asset Allocation Portfolios depicted above are the product of a blend of the fees of those other Fund Portfolios, plus a 0.05% annual advisory fee payable to PIFM.

The "Expenses Examples" on the following pages are calculated using the total actual expenses.

Expense Examples

These examples will help you compare the fees and expenses of the different variable investment options offered by Discovery Select. You can also use the examples to compare the cost of Discovery Select with other variable annuity contracts.

Example 1: If You Withdraw Your Assets

Example 1 assumes that you invest \$10,000 in Discovery Select and that you allocate all of your assets to one of the variable investment options and withdraw all your assets at the end of the time period indicated. The example also assumes that your investment has a 5% return each year and that the mutual fund's operating expenses remain the same. Your actual costs may be higher or lower.

Example 2: If You Do Not Withdraw Your Assets

Example 2 assumes that you invest \$10,000 in Discovery Select and allocate all of your assets to one of the variable investment options and **do not withdraw** any of your assets at the end of the time period indicated. The example also assumes that your investment has a 5% return each year and that the mutual fund's operating expenses remain the same. Your actual costs may be higher or lower.

On the following page are examples of what your costs would be using these assumptions.

Notes for Annual Mutual Fund Expenses:

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

The charges shown in the 10 year column are the same for Example 1 and Example 2. This is because after 10 years, the withdrawal charges are no longer deducted by us when you make a withdrawal or when you begin the income phase of your contract.

If your contract value is less than \$50,000, on your contract anniversary (and upon a surrender), we deduct a \$30 fee. The examples use an average number as the amount of the annual contract fee. This amount was calculated by taking the total annual contract fees collected in 2000 and then dividing that number by the total assets allocated to the variable investment options. Based on this calculation the annual contract fee is included as an annual charge of .023% of contract value.

Your actual fees will vary based on the amount of your contract and your specific allocation(s). A table of accumulation unit values of interests in each variable investment option appears on page 36. Charges for premium taxes are not reflected. In these examples, Premium taxes may apply depending on the state where you live.

Contract described herein is no longer available for sale

EXPENSE EXAMPLES 1 AND 2

	EXAMPLE 1: IF YOU WITHDRAW YOUR ASSETS				EXAMPLE 2: IF YOU DO NOT WITHDRAW YOUR ASSETS			
	1 YR	3 YRS	5 YRS	10 YRS	1 YR	3 YRS	5 YRS	10 YRS
The Prudential Series Fund								
Diversified Bond Portfolio	\$821	\$1130	\$1374	\$2197	\$191	\$590	\$1014	\$2197
Diversified Conservative Growth Portfolio	\$869	\$1275	\$1619	\$2692	\$239	\$735	\$1259	\$2692
Equity Portfolio	\$825	\$1142	\$1395	\$2239	\$195	\$602	\$1035	\$2239
Global Portfolio	\$861	\$1251	\$1578	\$2612	\$231	\$711	\$1218	\$2612
High Yield Bond Portfolio	\$836	\$1175	\$1451	\$2355	\$206	\$635	\$1091	\$2355
Money Market Portfolio	\$820	\$1127	\$1369	\$2187	\$190	\$587	\$1009	\$2187
Prudential Jennison Portfolio	\$840	\$1188	\$1472	\$2396	\$210	\$648	\$1112	\$2396
Small Capitalization Stock Portfolio	\$824	\$1139	\$1390	\$2229	\$194	\$599	\$1030	\$2229
Stock Index Portfolio	\$815	\$1111	\$1343	\$2133	\$185	\$571	\$983	\$2133
Value Portfolio	\$821	\$1130	\$1374	\$2197	\$191	\$590	\$1014	\$2197
20/20 Focus Portfolio	\$864	\$1260	\$1593	\$2642	\$234	\$720	\$1233	\$2642
SP Aggressive Growth Asset Allocation Portfolio	\$880	\$1359	\$1721	\$2843	\$250	\$819	\$1361	\$2843
SP Alliance Technology Portfolio	\$906	\$1346	\$1755	\$3018	\$276	\$796	\$1395	\$3018
SP Balanced Asset Allocation Portfolio	\$868	\$1346	\$1684	\$2742	\$238	\$806	\$1324	\$2742
SP Conservative Asset Allocation Portfolio	\$863	\$1267	\$1598	\$2640	\$233	\$727	\$1238	\$2640
SP Growth Asset Allocation Portfolio	\$873	\$1268	\$1620	\$2717	\$243	\$728	\$1260	\$2717
SP INVESCO Small Company Growth Portfolio	\$891	\$1306	\$1695	\$2884	\$261	\$766	\$1335	\$2884
SP Jennison International Growth Portfolio	\$900	\$1351	\$1757	\$2985	\$270	\$811	\$1397	\$2985
SP Large Cap Value Portfolio	\$866	\$1333	\$1666	\$2716	\$236	\$793	\$1306	\$2716
SP MFS Capital Opportunities Portfolio	\$876	\$1277	\$1635	\$2747	\$246	\$737	\$1275	\$2747
SP MFS Mid-Cap Growth Portfolio	\$876	\$1296	\$1654	\$2763	\$246	\$756	\$1294	\$2763
SP PIMCO Total Return Portfolio	\$852	\$1271	\$1578	\$2558	\$222	\$731	\$1218	\$2558
SP Prudential U.S. Emerging Growth Portfolio	\$866	\$1239	\$1577	\$2640	\$238	\$699	\$1217	\$2640
SP Small/Mid Cap Value Portfolio	\$881	\$1282	\$1651	\$2789	\$251	\$742	\$1291	\$2789
SP Strategic Partners Focused Growth Portfolio	\$877	\$1307	\$1666	\$2779	\$247	\$767	\$1306	\$2779
AIM Variable Insurance Funds								
AIM V.I. Growth and Income Fund	\$860	\$1248	\$1573	\$2602	\$230	\$708	\$1213	\$2602
AIM V.I. Value Fund	\$860	\$1248	\$1573	\$2602	\$230	\$708	\$1213	\$2602
Alliance Variable Products Series Fund, Inc.								
Alliance Premier Growth Portfolio—Class B	\$906	\$1386	\$1803	\$3057	\$276	\$846	\$1443	\$3057
American Century Variable Portfolios, Inc.								
American Century VP Value	\$876	\$1296	\$1654	\$2763	\$246	\$756	\$1294	\$2763
Credit Suisse Warburg Pincus Trust								
Global Post-Venture Capital Portfolio	\$918	\$1422	\$1862	\$3172	\$288	\$882	\$1502	\$3172
Davis Variable Account Fund, Inc.								
Davis Value Fund	\$876	\$1296	\$1654	\$2763	\$246	\$756	\$1294	\$2763
Franklin Templeton Variable Insurance Products Trust								
Franklin Small Cap Fund—Class 2	\$878	\$1302	\$1664	\$2783	\$248	\$762	\$1304	\$2783

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EXPENSE EXAMPLES 1 AND 2 (CONTINUED)

	EXAMPLE 1: IF YOU WITHDRAW YOUR ASSETS				EXAMPLE 2: IF YOU DO NOT WITHDRAW YOUR ASSETS			
	1 YR	3 YRS	5 YRS	10 YRS	1 YR	3 YRS	5 YRS	10 YRS
Janus Aspen Series								
Growth Portfolio	\$843	\$1197	\$1487	\$2427	\$213	\$657	\$1127	\$2427
International Growth Portfolio	\$847	\$1209	\$1507	\$2469	\$217	\$669	\$1147	\$2469
MFS Variable Insurance Trust								
Emerging Growth Series	\$860	\$1248	\$1573	\$2602	\$230	\$708	\$1213	\$2602
Research Series	\$860	\$1248	\$1573	\$2602	\$230	\$708	\$1213	\$2602
OCC Accumulation Trust								
Managed Portfolio	\$862	\$1254	\$1583	\$2622	\$232	\$714	\$1223	\$2622
Small Cap Portfolio	\$866	\$1266	\$1603	\$2662	\$236	\$726	\$1243	\$2662
T. Rowe Price								
Equity Series—Equity Income Portfolio	\$861	\$1251	\$1578	\$2612	\$231	\$711	\$1218	\$2612
International Series—Int'l Stock Portfolio	\$881	\$1311	\$1679	\$2812	\$251	\$771	\$1319	\$2812

These examples do not show past or future expenses. Actual expenses for a particular year may be more or less than shown in the examples.

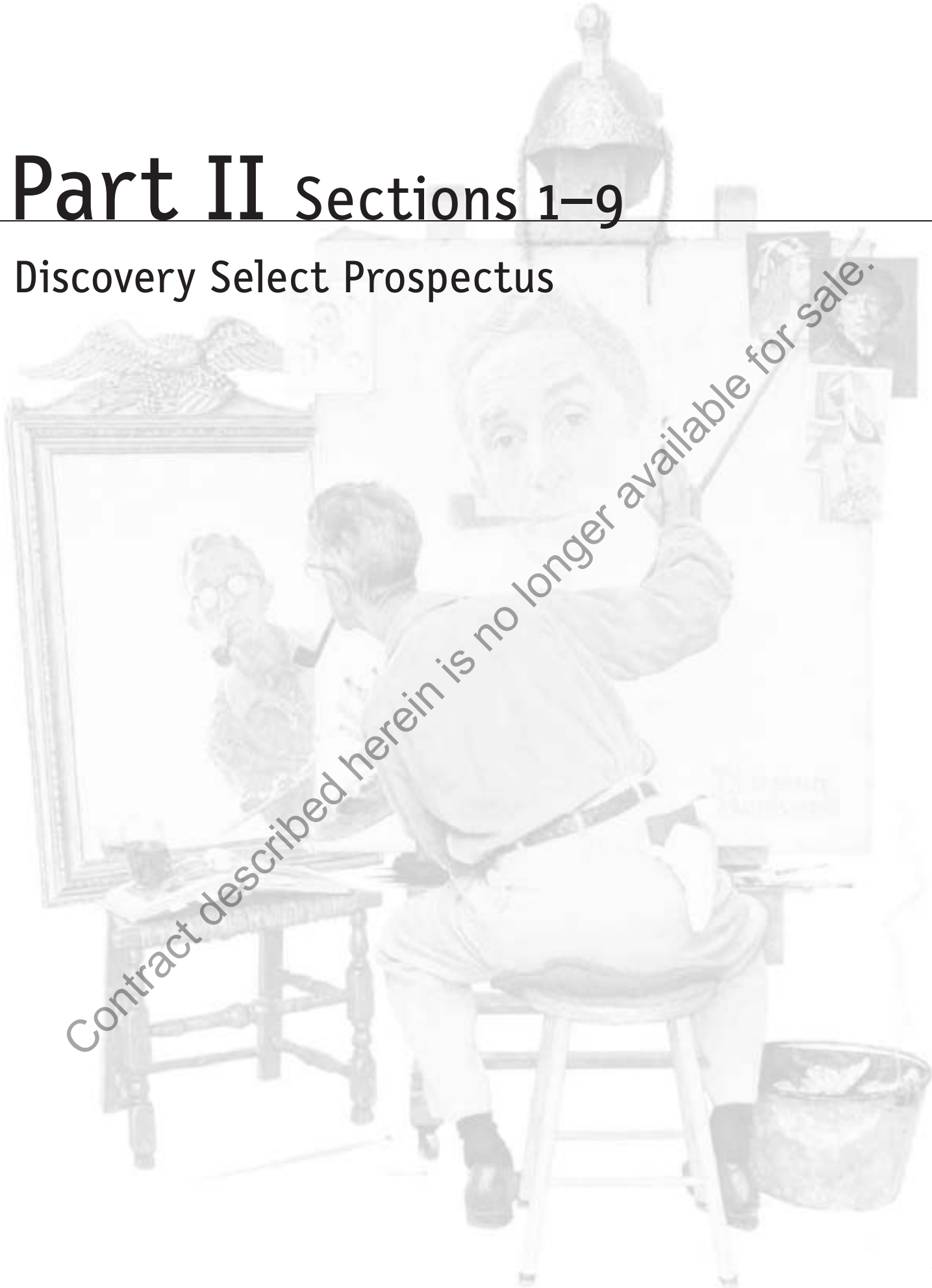
Contract described herein is no longer available for sale.

Contract described herein is no longer available for sale.

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Part II Sections 1-9

Discovery Select Prospectus



1:

What is the Discovery Select Variable Annuity?

The Discovery Select Variable Annuity is a contract between you, the owner, and us, the insurance company, Pruco Life Insurance Company of New Jersey (Pruco Life of New Jersey, We or Us).

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

This annuity contract benefits from tax deferral. Tax deferral means that you are not taxed on earnings or appreciation on the assets in your contract until you withdraw money from your contract.

Discovery Select is a variable annuity contract. This means that during the accumulation phase, you can allocate your assets among 40 variable investment options as well as 2 guaranteed interest-rate options. 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 mutual fund associated with that variable investment option. Because the mutual funds' portfolios fluctuate in value depending upon market conditions, your contract value can either increase or decrease. This is important, since the amount of the annuity payments you receive during the income phase depends upon the value of your contract at the time you begin receiving payments.

As mentioned above, Discovery Select also contains three guaranteed interest-rate options: a fixed-rate option, a dollar cost averaging option, and a market-value adjustment option. The fixed-rate option offers an

interest rate that is guaranteed by us for one year and will always be at least 3.0% per year. The dollar cost averaging option offers an interest-rate that is guaranteed by us for a selected period during which periodic transfers are made to selected variable investment options. The market-value adjustment option guarantees a stated interest rate, generally higher than the fixed-rate option. However, in order to get the full benefit of the stated interest rate, assets in this option must be held for a seven-year period.

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(s) is the person upon whose death during the accumulation phase, the death benefit is payable. The annuitant is the person who receives the annuity payments when the income phase begins. The annuitant is also the person whose life is used to determine how much and how long these payments will continue. On and after the annuity date, the annuitant is the owner and may not be changed. The beneficiary becomes the owner when a death benefit is payable.

The beneficiary is: the person(s) or entity designated to receive any death benefit if the annuitant(s) dies during the accumulation phase. You may change the beneficiary any time prior to the annuity date by making a written request to us. Your request becomes effective when we approve it.

Short Term Cancellation Right or "Free Look"

If you change your mind about owning Discovery Select, you may cancel your contract within 10 days after receiving it (or whatever period is required by applicable law). You can request a refund by returning the contract either to the representative who sold it to you, or to the Prudential Annuity Service Center at the address shown on the first page of this prospectus. You will receive:

- Your contract value; and
- Any fees deducted at the time of sale

2:

What Investment Options Can I Choose?

The contract gives you the choice of allocating your purchase payments to any one or more of 40 variable investment options, as well as three guaranteed interest-rate options.

The 40 variable investment options invest in mutual funds managed by leading investment advisors. Each of these mutual funds has a separate prospectus that is provided with this prospectus. You should read the mutual fund prospectus before you decide to allocate your assets to the variable investment option using that fund.

VARIABLE INVESTMENT OPTIONS

Listed below are the mutual funds in which the variable investment options invest. Depending on the terms of your contract, not all of these options may be available to you. Each variable investment option has a different investment objective.

The Prudential Series Fund, Inc.

- Diversified Bond Portfolio
- Diversified Conservative Growth Portfolio
- Equity Portfolio
- Global Portfolio
- High Yield Bond Portfolio
- Money Market Portfolio
- Prudential Jennison Portfolio (domestic equity)
- Small Capitalization Stock Portfolio
- Stock Index Portfolio
- Value Portfolio (domestic equity) (formerly Equity Income Portfolio)
- 20/20 Focus Fund (domestic equity)
- SP Aggressive Growth Asset Allocation Portfolio
- SP Alliance Technology Portfolio
- SP Balanced Asset Allocation Portfolio
- SP Conservative Asset Allocation Portfolio
- SP Growth Asset Allocation Portfolio
- SP INVESCO Small Company Growth Portfolio
- SP Jennison International Growth Portfolio

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

The Prudential Series Fund, Inc. is managed by Prudential Investments Fund Management LLC ("PIFM"), a Prudential subsidiary, through subadvisers that PIFM employs by using a manager-of-managers approach. Prudential Investment Management, Inc., also a Prudential subsidiary, serves as subadviser to the Diversified Bond Portfolio, the fixed income sleeve of the Diversified Conservative Growth Portfolio, the High Yield Bond Portfolio, the Money Market Portfolio, the Small Capitalization Stock Portfolio, and the Stock Index Portfolio. Jennison Associates LLC, also a Prudential subsidiary, serves as subadviser to the growth and value sleeves of the Diversified Conservative Growth Portfolio, the Equity Portfolio, the Global Portfolio, the Prudential Jennison Portfolio, the Value Portfolio, the 20/20 Focus Portfolio, the SP Jennison International Growth Portfolio, the SP Prudential U.S. Emerging Growth Portfolio, and a portion of the SP Strategic Partners Focused Growth Portfolio. Franklin Advisers, Inc., the Deyfus Corporation and Pacific Investment Management Company also each manage a portion of the Diversified Conservative Growth Portfolio. GE Asset Management Incorporated and Salomon Brothers Asset Management Inc. each manage a portion of the Equity Portfolio. Deutsche Asset Management Inc. and Victory Capital Management Inc. each manage a portion of the Value Portfolio. Alliance Capital Management, L.P. serves as subadviser to the SP Alliance Technology Portfolio and a portion of the assets of the SP Strategic Partners Focused Growth Portfolio. INVESCO Funds Group, Inc. serves as subadviser to the SP INVESCO Small Company Growth Portfolio. Fidelity Management and Research Company serves as subadviser to the SP Large Cap Value Portfolio and the SP Small/Mid Cap Value Portfolio. Massachusetts Financial Services Company serves as subadviser to the SP MFS Capital Opportunities Portfolio and the SP MFS Mid-Cap Growth Portfolio. Pacific Investment Management Company serves as subadviser to the SP PIMCO Total Return Portfolio. Each of the asset allocation portfolios is managed solely by PIFM.

AIM Variable Insurance Funds

- AIM V.I. Growth and Income Fund
- AIM V.I. Value Fund

AIM Advisors, Inc. serves as investment adviser to both of these funds.

2:

What Investment Options Can I Choose? *continued*

Alliance Variable Products Series Fund, Inc.

- Alliance Premier Growth Portfolio
- Alliance Capital Management L.P. is the investment adviser of the Alliance Variable Products Series Fund.*

American Century Variable Portfolios, Inc.

- American Century VP Value
- American Century Investment Management, Inc. is the investment adviser for American Century VP Value.*

Credit Suisse Warburg Pincus Trust

- Global Post-Venture Capital Portfolio
- Credit Suisse Asset Management, LLC serves as investment adviser and Abbott Capital Management, L.P. serves as sub-investment advise for that portion of the Global Post-Venture Capital Portfolio allocated to private limited partnerships or other investment funds.*

Davis Variable Account Fund, Inc.

- Davis Value Portfolio
- Davis Selected Advisers, L.P. is the investment adviser and Davis Selected Advisers-NY, Inc. is sub-adviser to the Davis Value Portfolio.*

Franklin Templeton Variable Insurance Products Trust

- Franklin Small Cap Fund—Class 2
- Franklin Advisers, Inc. is the investment manager for this portfolio of the Franklin Templeton Variable Insurance Products Trust.*

Janus Aspen Series

- Growth Portfolio
 - International Growth Portfolio
- Janus Capital Corporation serves as investment adviser to the Growth Portfolio and the International Growth Portfolio.*

MFS Variable Insurance Trust

- Emerging Growth Series
 - Research Series (long-term growth and future income)
- Massachusetts Financial Services Company, a Delaware corporation, is the investment adviser to the Emerging Growth Series and the Research Series.*

OCC Accumulation Trust

- Managed Portfolio (equity)
 - Small Cap Portfolio
- OpCap Advisors is the investment adviser to the Managed Portfolio and the Small Cap Portfolio.*

T. Rowe Price

- T. Rowe Price Equity Series, Inc., Equity Income Portfolio
- T. Rowe Price International Series, Inc., International Stock Portfolio

T. Rowe Price Associates, Inc. is the investment manager for the Equity Income Portfolio and Rowe Price-Fleming International, Inc. is the investment manager for the International Stock Portfolio.

Except for the Prudential Series Fund Inc., we are paid by the fund or an affiliate of each fund for administrative and other services that we provide. The amount we receive is based on an annual percentage of the average assets of Discovery Select invested in the fund held by the associated variable investment option.

FIXED INTEREST-RATE OPTIONS

We offer two interest-rate options: a one-year fixed-rate option, and a market-value adjustment option. We set a one year guaranteed annual interest rate that is always available for the one-year fixed-rate option.

When you select one of these options, your payment will earn interest at the established rate for the applicable interest rate period. A new interest rate period is established every time you allocate or transfer money into a fixed interest-rate option. Transfers are not permitted to the DCA Option. You may have money allocated in more than one interest rate period at the same time. This could result in your money earning interest at different rates and each interest rate period maturing at a different time. While these interest rates may change from time to time, the minimum rate will never be less than 3.0%.

Payments that you apply to the fixed interest-rate option become part of Pruco Life of New Jersey's general assets. As a result, the strength of the interest rate guarantee is based on the overall financial strength of Pruco Life of New Jersey. If Pruco Life of New Jersey

suffered a material financial set back, the ability of Pruco Life of New Jersey to meet its financial obligations could be affected.

Market-Value Adjustment

If you transfer or withdraw assets or annuitize from the market-value adjustment option before an interest rate period is over, the assets will be subject to a market value adjustment. The market-value adjustment may increase or decrease the amount being withdrawn or transferred and may be substantial. The adjustment, whether up or down will never be greater than 40%. The amount of the market-value adjustment is based on the difference between the:

- 1) Guaranteed interest rate for the amount you are withdrawing or transferring; and
- 2) Interest rate that is in effect on the date of the withdrawal or transfer.

The amount of time left in the interest rate period is also a factor. You will find a detailed description of how the market-value adjustment is calculated on Page 39 of this prospectus.

TRANSFERS AMONG OPTIONS

You can transfer money among the variable investment options and the fixed interest-rate options. Your transfer request may be made by telephone, electronically, or in paper form to the Prudential Annuity Service Center (electronic transfer capability will become available during 2001). Only two transfers per month may be made by telephone or electronically. After that, all transfer requests must be in writing with an original signature. We have procedures in place to confirm that instructions received by telephone or electronically are genuine. We will not be liable for following telephone or electronic instructions that we reasonably believe to be genuine. Your transfer request will take effect at the end of the business day on which it was received. Our business day usually closes at 4:00 p.m. Eastern time.

You can make transfers out of a fixed interest-rate option, only during the 30-day period following the end of an interest rate period. If you transfer money from a market-value adjustment option after the 30-

day period has ended, the money will be subject to a market-value adjustment.

During the contract accumulation phase, you can make 12 transfers each contract year, among the investment options, without charge. If you make more than 12 transfers in one contract year, you will be charged \$25 for each additional transfer. (Dollar Cost Averaging and Auto-Rebalancing transfers do not count toward the 12 free transfers per year.)

OTHER AVAILABLE FEATURES

Dollar Cost Averaging Feature

This feature allows you to systematically transfer either a fixed dollar amount or a percentage out of any variable investment option or the one-year fixed interest-rate option and into any 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. If this feature is elected, your assets are not allocated to the DCA Option. You can have these automatic transfers made from the DCA account monthly, quarterly, semiannually or annually. By allocating amounts on a regular schedule instead of allocating the total amount at one particular time, you may be less susceptible to the impact of market fluctuations. Of course, there is no guarantee that dollar cost averaging will ensure a profit or protect against a loss in declining markets.

Transfers must be at least \$100 from your DCA account. After that, transfers will continue automatically until the entire amount in your DCA account has been transferred or until you tell us to discontinue the transfers. If your DCA account balance drops below \$100, the entire remaining balance of the account will be transferred on the next transfer date. You can allocate subsequent purchase payments to re-open the DCA account at any time.

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

2:

What Investment Options Can I Choose? *continued*

Any transfers you make because of dollar cost averaging are not counted toward the 12 free transfers you are allowed per year. This feature is available only during the contract accumulation phase.

Asset Allocation Program

We recognize the value of having advice when deciding on the allocation of your money. If you choose to participate in the Asset Allocation Program, your financial professional will give you a questionnaire to complete that will help determine a program that is appropriate for you. Your asset allocation will be prepared based on your answers to the questionnaire. You will not be charged for this service and you are not obligated to participate or to invest according to program recommendations.

Auto-Rebalancing

Once your money has been allocated among the variable investment options, the actual performance of the investment options may cause your allocation to shift. For example, an investment option that initially holds only a small percentage of your assets could perform much better than another investment option. Over time, this option could increase to a larger percentage of your assets than you desire. You can direct us to automatically rebalance your assets to return to your original allocation or to change allocations by selecting the Auto-Rebalancing feature. The fixed interest-rate option and the DCA account cannot participate in this feature.

Your rebalancing will be done monthly, quarterly, semiannually or annually based on your choice. The rebalancing will be done on the last calendar day of the period you have chosen, provided that the New York Stock Exchange is open on that date. If the New York Stock Exchange is not open on that date, the rebalancing will take effect on the next business day.

Any transfers you make because of Auto-Rebalancing are not counted toward the 12 free transfers you are allowed per year. This feature is available only during the contract accumulation phase. If you choose auto-rebalancing and dollar cost averaging, auto-rebalancing will take place after the transfers from your DCA account.

VOTING RIGHTS

We are the legal owner of the shares in the mutual funds associated with the variable investment options. However, we vote the shares of the mutual funds according to voting instructions we receive from contractowners. We will mail you a proxy which is a form 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 shares that we own in our own right, in the same proportion as the shares for which instructions are received. We may change the way your voting instructions are calculated if it is required by federal or state regulation.

SUBSTITUTION

We may substitute one or more of the mutual funds used by the variable investment options. We may also cease to allow investments in existing funds. We would do this only if events such as investment policy changes or tax law changes make the mutual fund unsuitable. We would not do this without the approval of the Securities and Exchange Commission and necessary state insurance department approvals. You will be given specific notice in advance of any substitution we intend to make.

3:

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

PAYMENT PROVISIONS

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

We make the income plans described below available at any time before the annuity date. These plans are called annuity options. During the income phase, all of the annuity options under this contract are fixed annuity options. This means that your participation in the variable investment options ends on the annuity date. If an annuity option is not selected by the annuity date, the Interest Payment Option (Option 3, described below) will automatically be selected. **Once the annuity payments begin, the annuity option can not be changed.**

Option 1

Annuity Payments for a Fixed Period

Under this option, we will make equal payments for the period chosen, up to 25 years. The annuity payments may be made monthly, quarterly, semiannually, or annually for as long as the annuitant is alive. If the annuitant dies during the income phase, a lump sum payment will be made to the beneficiary. The amount of the lump sum payment is determined by calculating the present value of the unpaid future payments. This is done by using the interest rate used to compute the actual payments. The interest rate used will always be at least 3.50% a year. For payment periods of 5 years or more, we will waive any withdrawal charges that otherwise would have been applied.

Option 2

Life Annuity with 120 Payments (10 Years) Certain

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

the annuitant is alive. If the annuitant dies before we have made 10 years worth of payments, we will pay the beneficiary the present value of the remaining annuity payments in one lump sum unless we are specifically instructed that the remaining monthly annuity payments continue to be paid to the beneficiary. The present value of the remaining annuity payments is calculated by using the interest rate used to compute the amount of the original 120 payments. The interest rate used will always be at least 3.50% a year.

Option 3

Interest Payment Option

Under this option, we hold all or a portion of your contract value in order to accumulate interest. 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. Under this option, we will pay you interest at an effective rate of at least 3.0% a year. Under this option, all gains in the annuity will be taxable as of the annuity date.

This option is not available if your contract is held in an Individual Retirement Account.

Option 4

Other Annuity Options

We currently offer a variety of other annuity options not described above. At the time annuity payments are chosen, we may make available any of the fixed annuity options that are offered at your annuity date.

You should be aware that depending on your contract date and the annuity option you choose, you may have to pay withdrawal charges.

4:

What is the Death Benefit?

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

BENEFICIARY

The beneficiary is the person(s) or entity you name to receive any death benefit. 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.

CALCULATION OF THE DEATH BENEFIT

If the annuitant (or the last surviving annuitant, if there are co-annuitants) dies during the accumulation phase, we will, upon receiving appropriate proof of death and any other needed documentation, pay a death benefit to the beneficiary designated by the contractowner. If death is prior to age 80, the beneficiary will receive the greater of the following (as of the time we receive appropriate proof of death):

- Current value of your contract; or
- Guaranteed Minimum Death Benefit—This is the highest value of the contract on any contract anniversary date. This is called the step-up value. Between anniversary dates, the step-up value is only increased by additional purchase payments and reduced proportionally by withdrawals.

If death occurs on or after age 80, the beneficiary will receive the greater of: 1) the current contract value

as of the date that due proof of death is received, and 2) the Guaranteed Minimum Death benefit as of age 80, increased by additional purchase payments, and reduced proportionally by withdrawals. For this purpose, an annuitant is deemed to reach age 80 on the contract anniversary on or following the annuitant's actual 80th birthday.

If the sole or older annuitant is age 80 or older at the time the contract is issued, upon death, the beneficiary will receive, as of the date that due proof of death is received, the greater of: 1) current contract value; or 2) the total purchase payments reduced proportionally by withdrawals.

Here is an example of a proportional reduction:

If an owner withdrew 50% of a contract valued at \$100,000 and if the step-up value was \$80,000, the new step-up value following the withdrawal would be \$40,000 or 50% of what it had been prior to the withdrawal.

If the contractowner and annuitant are not the same, the death benefit is payable only in the event of the death of a sole annuitant or last surviving annuitant, not the death of the contractowner.

This death benefit was enhanced in January, 1998, to provide for the Guaranteed Minimum Death Benefit. Certain contractowners must have elected an endorsement in order for this enhanced death benefit to apply. See the Statement of Additional Information (SAI) for details.

5:

How Can I Purchase a Discovery Select Contract?

PURCHASE PAYMENTS

A purchase payment is the amount of money you give us to purchase the contract. The minimum purchase payment is \$10,000. You can make additional purchase payments of at least \$1,000 or more at any time during the accumulation phase. You must get our prior approval for any purchase payments over \$5 million.

ALLOCATION OF PURCHASE PAYMENTS

When you purchase a contract, we will allocate your purchase payment among the variable investment options and the fixed interest-rate options based on the percentages you choose. The percentage of your allocation to a specific investment option can range in whole percentages from 0% to 100%. If, after the initial invested purchase payment, we receive a purchase payment without allocation instructions, we will allocate the corresponding invested purchase payment in the same proportion as your most recent purchase payment (unless you directed us to allocate that purchase payment on a one-time-only basis). (If you allocated all or part of your initial payment to the DCA Fixed Option and do not change your allocation instructions, we will treat your allocation instructions for the DCA Fixed Option as part of your allocation instructions for all subsequent purchase payments.) You may submit an allocation change request at any time. Contact the Prudential Annuity Service Center for details.

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

generally credit subsequent purchase payments received in good order after the close of a business day 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, we use a unit of measure called an accumulation unit. An accumulation unit works like a share of a mutual fund.

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

- 1) Adding up the total amount of money allocated to a specific investment option;
- 2) Subtracting from that amount insurance charges and any other applicable charges; and
- 3) Dividing this amount by the number of outstanding accumulation units.

When you make a purchase payment, we credit your contract with accumulation units relating to the variable investment options you have chosen. 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 chart provided in page 36 to this prospectus gives you more detailed information about the accumulation units of the variable investment options.

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 3.0% a year on that portion of the contract value allocated to the fixed interest-rate options.

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What are the Expenses Associated with the Discovery Select 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.

INSURANCE CHARGES

Each day, we make a deduction for its insurance charges. The insurance charges have two parts:

- 1) Mortality and expense risk charge
- 2) Administrative expense charge

1) Mortality and Expense Risk Charge

The mortality risk 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. The expense risk charge is for assuming that the current charges will be insufficient in the future to cover the cost of administering the contract.

The mortality and expense risk charge is equal, on an annual basis, to 1.25% of the daily value of the contract invested in the variable investment options, after expenses have been deducted. This charge is not assessed against amounts allocated to the interest-rate options.

If the charges under the contract are not sufficient, then we will bear the loss. We do, however, expect to profit from this charge. The mortality and expense risk charge cannot be increased. Any profits made from this charge may be used by us to pay for the costs of distributing the contracts.

2) Administrative Expense Charge

This charge is for the expenses associated with the administration of the contract. The administration of the contract includes preparing and issuing the contract, establishing and maintaining contract records, issuing confirmations and annual reports, personnel costs, legal and accounting fees, filing fees, and systems costs.

This charge is equal, on an annual basis, to 0.15% of the daily value of the contract invested in the variable investment options, after expenses have been deducted.

ANNUAL CONTRACT FEE

During the accumulation phase, if your contract value is less than \$50,000, 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 \$30 charge will be deducted proportionately from each of the contract's investment options. This charge will also be deducted when you surrender your contract if your contract value is less than \$50,000.

WITHDRAWAL CHARGE

During the accumulation phase you can make withdrawals from your contract. When you make a withdrawal, money will be taken first from your purchase payments for purposes of determining withdrawal charges. When your purchase payments have been used up, then we will take the money from your earnings. You will not have to pay any withdrawal charge when you withdraw your earnings.

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. If the contract is sold under circumstances that reduce the sales expenses, we may reduce or eliminate the withdrawal charge. For example, a large group of individuals purchasing contracts or an individual who already has a relationship with us may receive such a reduction.

You can withdraw up to 10% of your total purchase payments each contract year without paying a withdrawal charge. This amount is referred to as the "charge-free amount." If any of the charge-free amount is not used during a contract year, it will be carried over to the next contract year. During the first seven contract years, if your withdrawal of purchase payments is more than the charge-free amount, a

withdrawal charge will be applied. This charge is based on your contract date.

The following table shows the percentage of withdrawal charges that would apply:

Percentage of Applicable Withdrawal Charges

During contract year 1	7%
During contract year 2	6%
During contract year 3	5%
During contract year 4	4%
During contract year 5	3%
During contract year 6	2%
During contract year 7	1%
After that	0%

Note: As of the beginning of the contract year, you may withdraw up to 10% of the total purchase payments plus any charge-free amount carried over from the previous contract year without charge. There is no withdrawal charge on any amount used to provide income under the Life Annuity with 120 Payments (10 years) Certain Option or for a fixed period of 5 years or more. Surrender charges are waived when a death benefit is paid. There will be a reduction in the withdrawal charge for contracts issued to contractowners whose age is 84 and older.

TAXES ATTRIBUTABLE TO PREMIUM

There are 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 deduction from the value of the contract to pay some or all of these taxes. Some of these taxes are due

when the contract is issued, others are due when the annuity payments begin. 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, the current rates range up to 3.5%. New York does not, however, currently charge premium taxes. It is also our current practice not to deduct a charge for the federal deferred acquisition costs paid by us that are based on premium received. However, we reserve the right to charge the contractowner in the future for any such deferred acquisition costs and any federal, state or local income, excise, business or any other type of tax measured by the amount of premium received by us.

TRANSFER FEE

You can make 12 free transfers every year. If you make more than 12 transfers in a year (excluding Dollar Cost Averaging and Auto-Rebalancing), we will deduct a transfer fee of \$25 for each additional transfer. We will deduct the transfer fee pro-rata from the investment options from which the transfer is made. The transfer fee is deducted before the market value adjustment, if any, is calculated.

COMPANY TAXES

We will pay the taxes on the earnings of the Separate Account. We are not currently charging the Separate Account for taxes. We will periodically review the issue of charging the Separate Account for these taxes, and may impose such a charge in the future.

7:

How Can I

Access My Money?

You can access your money by:

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

YOU CAN MAKE WITHDRAWALS ONLY DURING THE ACCUMULATION PHASE

When you make a complete withdrawal, you will receive the value of your contract, less any applicable charges. 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 will be made proportionately from all of the affected investment options and interest-rate options you have selected. You will need our consent to make a partial withdrawal if the requested withdrawal is less than \$500.

We will generally pay the withdrawal amount, less any required tax withholding, within seven days after we receive a properly completed withdrawal request. We will deduct applicable charges, and apply a market-value adjustment, if any, from the assets in your contract.

Income taxes, tax penalties and certain restrictions may apply to any withdrawal you make. For a more complete explanation, see Section 8 of this prospectus and the tax discussion in the Statement of Additional Information.

AUTOMATED WITHDRAWALS

We offer an Automated Withdrawal feature. This feature enables you to receive periodic withdrawals in

monthly, quarterly, semiannual or annual intervals. We will process your withdrawals at the end of the business day at the intervals you specify. We will continue at these intervals until you tell us otherwise.

You can make withdrawals from any designated investment option or proportionally from all investment options. Market-value adjustments may apply. 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 \$250.

Income taxes, tax penalties and certain restrictions may apply to automated withdrawals. For a more complete explanation, see Section 8 of this prospectus and the tax discussion in the Statement of Additional Information.

SUSPENSION OF PAYMENTS OR TRANSFERS

We may be required to suspend or postpone payments made in connection with withdrawals or transfers for any period when:

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

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

8:

What are the Tax Considerations Associated with the Discovery Select Contract?

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

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

Taxes Payable by You

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

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

Taxes on Withdrawals and Surrender

If you make a withdrawal from your contract or surrender it before annuity payments begin, the amount you receive will be taxed as ordinary income, rather than as return of purchase payments, until all gain has been withdrawn.

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

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

Taxes on Annuity Payments

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

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

Tax Penalty on Withdrawals and Annuity Payments

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

- the amount is paid on or after you reach age 59½ or die;
- the amount received is attributable to your becoming disabled;
- the amount paid or received is in the form of level annuity payments not less frequently than annually under a lifetime annuity; and
- the amount received is paid under an immediate annuity contract (in which annuity payments begin within one year of purchase).

If you modify the lifetime annuity payment stream (other than as a result of death or disability) before you reach age 59½ (or before the end of the five year period beginning with the first payment and ending after you reach age 59½), your tax for the year of modification will be increased by the penalty tax that would have been imposed without the exception, plus interest for the deferral.

8:

Tax Considerations Associated with the Discovery Select Contract *continued*

Taxes Payable by Beneficiaries

All of the death benefit options are subject to income tax to the extent the distribution exceeds the adjusted basis in the contract and the full value of the contract and the full value of the death benefit is included in the owner's estate. Generally, the same tax rules apply to amounts received by your beneficiary as those set forth above with respect to you. The election of an annuity payment option instead of a lump sum death benefit may defer taxes. Certain minimum distribution requirements apply upon your death, as discussed further below.

Withholding of Tax from Distributions

Taxable amounts distributed from your annuity contracts are subject to tax withholding. You may generally elect not to have tax withheld from your payments. These elections must be made on the appropriate forms that we provide.

Annuity Qualification

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

Required Distributions Upon Your Death Upon your death (or the death of a joint owner, if earlier), certain distributions must be made under the contract. The required distributions depend on whether you die on or before you start taking annuity payments under the contract or after you start taking annuity payments under the contract.

If you die on or after the annuity date, the remaining portion of the interest in the contract must be

distributed at least as rapidly as under the method of distribution being used as of the date of death.

If you die before the annuity date, the entire interest in the contract must be distributed within 5 years after the date of death. However, if an annuity payment option is selected by your designated beneficiary and if annuity payments begin within 1 year of your death, the value of the contract may be distributed over the beneficiary's life or a period not exceeding the beneficiary's life expectancy. Your designated beneficiary is the person to whom ownership of the contract passes by reason of death, and must be a natural person.

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

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

Additional Information

You should refer to the Statement of Additional Information if:

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

CONTRACTS HELD BY TAX FAVORED 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 Code. At some future time we may allow the contract to be purchased in connection with other retirement arrangements which are also entitled to favorable federal income tax treatment ("tax favored plans"). These other tax favored plans include:

- Simplified employee pension plans ("SEPs") under Section 408(k) of the Code;
- Saving incentive match plans for employees-IRAs ("SIMPLE-IRAs") under Section 408(p) of the Code; and
- Tax-deferred annuities ("TDAs") under Section 403(b) of the Code.

This description assumes that (i) we will be offering this to both IRA and non-IRA tax favored plans, and (ii) you have satisfied the general requirements for eligibility for these products.

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

IRAs If you buy a contract for use as an IRA, we will provide you a copy of the prospectus and the contract. The IRA Disclosure Statement on page 41 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 greater, the amount credited under the contract, calculated as of the valuation period that we receive this cancellation notice).

Contributions Limits/Rollovers: Because of the way the contract is designed, you may only purchase a contract for an IRA in connection with a "rollover" of amounts from a qualified retirement plan or transfer from another IRA. You must make a minimum initial payment of \$10,000 to purchase a contract. This

minimum is greater than the maximum amount of any annual contribution you may make to an IRA (which is generally \$2,000/year). 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 be able subsequently to "roll over" the contract funds originally derived from a qualified retirement plan into another Section 401(a) plan or TDA (although you may be able to transfer the funds to another IRA).

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 us;
- The annual premium you pay cannot be greater than \$2,000 (which does not include any rollover amounts);
- The date on which annuity payments must begin cannot be later than the April 1st of the calendar year after the calendar year you turn age 70^{1/2}; and
- Death and annuity payments must meet "minimum distribution requirements" (described below).

Usually, the full amount of any distribution from an IRA (including a distribution from this contract) which is not a rollover is taxable. As taxable income, these distributions are subject to the general tax withholding rules described earlier. In addition to this normal tax

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Tax Considerations Associated with the Discovery Select Contract *continued*

liability, you may also be liable for the following, depending on your actions:

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

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 into income any employer contributions made to the SEP on your behalf up to the lesser of (a) \$35,000 (in 2001) or (b) 15% of the employee's earned income (not including the employer contribution amount as "earned income" for these purposes). However, for these purposes, compensation in excess of certain limits established by IRS will not be considered. In 2001, this limit is \$170,000;
- SEPs must satisfy certain participation and nondiscrimination requirements not generally applicable to IRAs; and
- Some SEPs for small employers permit salary deferrals (up to \$10,500 in 2001) with the employer making these contributions to the SEP. However, no new "salary reduction" or "SAR-SEPs" can be established after 1996.

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

SIMPLE-IRAs SIMPLE-IRAs are another variation on the standard IRA, available to small employers (under 100 employees, on a "controlled group" basis) that do not offer other tax favored plans. SIMPLE-IRAs are also subject to the same basic IRA requirements with the following exceptions:

- Participants in a SIMPLE-IRA may contribute up to \$6,500 (in 2001, indexed), as opposed to the usual \$2,000 limit, and employer contributions may also be provided as either a match (up to 3% of your compensation); and

- SIMPLE -IRAs are not subject to the SEP nondiscrimination rules.

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, 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 \$10,500 (2001, indexed). Further, you may roll over TDA amounts to another TDA or an IRA.

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.

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 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, including a new method permitted under IRS rules released in January 2001. More information on the mechanics of this calculation is available on request. Please contact us a reasonable time before the IRS deadline so that a timely distribution is made. Please note that there is a 50% IRS penalty tax on the amount of any minimum distribution not made in a timely manner.

You can use the Minimum Distribution option to satisfy the IRS minimum distribution requirements for this contract without either beginning annuity payments or surrendering the contract. We will send you a check for this minimum distribution amount, less any other partial withdrawals that you made during the year. Please note that the Minimum Distribution option may need to be modified after 2001 to satisfy recently announced changes in IRS rules.

Penalty for Early Withdrawals

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

Withholding

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

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

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

ERISA Disclosure/Requirements

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

Information about any applicable fees, charges, discounts, penalties or adjustments may be found under "What Are the Expenses Associated with the Discovery Select Contract" starting on page 26. Information about sales representatives and commissions may be found under "Other Information" and "Sale and Distribution of the Contract" on page 34.

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.

Additional Information

For additional information about the requirements of federal tax law applicable to tax favored plans, see the "IRA Disclosure Statement" on page 41.

9:

Other

Information

PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY

Pruco Life Insurance Company of New Jersey is a stock life insurance company organized in 1982 under the laws of the State of New Jersey. Pruco Life of New Jersey is licensed to sell life insurance and annuities in the states of New Jersey and New York and therefore is subject to the insurance laws and regulations of those states where it is licensed to do business. Pruco Life of New Jersey is a wholly-owned subsidiary of Pruco Life Insurance Company, which is a wholly-owned subsidiary of The Prudential Life Insurance Company of America (Prudential), a mutual insurance company founded in 1875 under the laws of the State of New Jersey.

Pruco Life of New Jersey publishes annual and quarterly reports that are filed with the SEC. These reports contain financial information about Pruco Life of New Jersey that is annually audited by independent accountants. The most recent annual report is contained in the SAI. While Pruco Life of New Jersey's annual report is not ordinarily mailed to contractholders, you can obtain a copy at no cost by calling us at our number listed on the cover. This information, together with all the more current reports filed with the SEC as required by section 15 of the Exchange Act of 1934, is legally a part of this prospectus.

Pruco Life is a wholly-owned subsidiary of The Prudential Insurance Company of America ("Prudential"), a mutual insurance company founded in 1875 under the laws of the State of New Jersey. Prudential is currently pursuing reorganizing itself into a stock life insurance company through a process known as "demutualization". On July 1, 1998, legislation was enacted in New Jersey that would permit this conversion to occur and that specified the process for conversion. On December 15, 2000, the Board of Directors adopted a plan of reorganization pursuant to that legislation and authorized management to submit an application to the New Jersey Commissioner of Banking and Insurance for approval of the plan. The application was submitted on March 14, 2001. However, demutualization is a complex process and a number of additional steps must be taken before the

demutualization can occur, including a public hearing, voting by qualified policyholders, and regulatory approval. Prudential is planning on completing this process in 2001, but there is no certainty that the demutualization will be completed in this timeframe or that the necessary approvals will be obtained. Also it is possible that after careful review, Prudential could decide not to demutualize or could decide to delay its plans. As a general rule, the plan of reorganization provides that, in order for policies or contracts to be eligible for compensation in the demutualization, they must have been in force on the date the Board of Directors adopted the plan, December 15, 2000. If demutualization does occur, all the guaranteed benefits described in your policy or contract would stay the same.

THE SEPARATE ACCOUNT

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

SALE AND DISTRIBUTION OF THE CONTRACT

Prudential Investment Management Services LLC ("PIMS"), 100 Mulberry Street, Newark, New Jersey 07102-4077, acts as the distributor of the contracts. PIMS is a wholly-owned subsidiary of Prudential and is a limited liability corporation organized under Delaware

law in 1996. It is a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. We pay the broker-dealer whose registered representatives sell the Contract either:

- a commission of up to 6.25% of your Purchase Payments; or
- a combination of a commission on Purchase Payments and a “trail” commission — which is a commission determined as a percentage of your Contract Value that is paid periodically over the life of your Contract.

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

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

ASSIGNMENT

You can assign the contract at any time during your lifetime. We will not be bound by the assignment until we receive written notice. We will not be liable for any payment or other action we take in accordance with the contract if that action occurs before we receive notice of

the assignment. An assignment, like any other change in ownership, may trigger a taxable event.

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

FINANCIAL STATEMENTS

The financial statements of the Separate Account associated with Discovery Select are included in the Statement of Additional Information.

STATEMENT OF ADDITIONAL INFORMATION

Contents:

- Company
- Experts
- Litigation
- Legal Opinions
- Principal Underwriter
- Determination of Accumulation Unit Values
- Performance Information
- Comparative Performance Information
- Further Information about the Death Benefit
- 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 contractholder that resides in the household. If you are a member of such a household, you should be aware that you can revoke your consent to householding at any time, and begin to receive your own copy of prospectuses and shareholder reports, by calling 1-877-778-5008.

Accumulation Unit Values

ACCUMULATION UNIT VALUES: AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
Prudential Diversified Bond Portfolio			
1/24/97* to 12/31/97	\$1.05924	\$1.13525	4,451,359
1/1/98 to 12/31/98	\$1.13525	\$1.19977	28,376,932
1/1/99 to 12/31/99	\$1.19977	\$1.17457	45,438,932
1/1/00 to 12/31/00	\$1.17457	\$1.27085	45,259,883
Prudential Diversified Conservative Growth Portfolio			
5/3/99* to 12/31/99	\$0.99960	\$1.05128	7,816,513
1/1/00 to 12/31/00	\$1.05128	\$1.07605	10,776,781
Prudential Equity Portfolio			
1/24/97* to 12/31/97	\$1.23280	\$1.48518	9,062,852
1/1/98 to 12/31/98	\$1.48518	\$1.60144	27,877,412
1/1/99 to 12/31/99	\$1.60144	\$1.77642	38,608,928
1/1/00 to 12/31/00	\$1.77642	\$1.80930	36,432,147
Prudential Global Portfolio			
1/24/97* to 12/31/97	\$1.20025	\$1.26079	1,544,582
1/1/98 to 12/31/98	\$1.26079	\$1.55516	3,115,243
1/1/99 to 12/31/99	\$1.55516	\$2.27423	6,113,646
1/1/00 to 12/31/00	\$2.27423	\$1.84646	7,911,406
Prudential High Yield Bond Portfolio			
1/24/97* to 12/31/97	\$1.12690	\$1.25972	5,397,207
1/1/98 to 12/31/98	\$1.25972	\$1.21296	23,777,679
1/1/99 to 12/31/99	\$1.21296	\$1.25119	28,531,566
1/1/00 to 12/31/00	\$1.25119	\$1.13618	28,565,345
Prudential Money Market Portfolio			
1/24/97* to 12/31/97	\$1.04778	\$1.08688	5,366,453
1/1/98 to 12/31/98	\$1.08688	\$1.12985	16,317,010
1/1/99 to 12/31/99	\$1.12985	\$1.16977	24,579,687
1/1/00 to 12/31/00	\$1.16977	\$1.22545	22,639,187
Prudential Jennison Portfolio			
1/24/97* to 12/31/97	\$1.19836	\$1.48006	4,356,135
1/1/98 to 12/31/98	\$1.48006	\$2.00651	19,579,080
1/1/99 to 12/31/99	\$2.00651	\$2.81446	37,559,381
1/1/00 to 12/31/00	\$2.81446	\$2.29341	43,123,474
Prudential Small Capitalization Stock Portfolio			
9/1/98* to 12/31/98	\$1.02621	\$1.25353	514,051
1/1/99 to 12/31/99	\$1.25353	\$1.39319	3,488,013
1/1/00 to 12/31/00	\$1.39319	\$1.55006	5,540,523

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ACCUMULATION UNIT VALUES (CONTINUED): AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
Prudential Stock Index Portfolio			
1/24/97* to 12/31/97	\$1.18151	\$1.48876	8,543,943
1/1/98 to 12/31/98	\$1.48876	\$1.88540	25,485,050
1/1/99 to 12/31/99	\$1.88540	\$2.24149	38,786,276
1/1/00 to 12/31/00	\$2.24149	\$2.01096	40,625,059
Prudential Value Portfolio			
1/24/97* to 12/31/97	\$1.24933	\$1.66167	5,978,495
1/1/98 to 12/31/98	\$1.66167	\$1.59960	25,310,440
1/1/99 to 12/31/99	\$1.59960	\$1.77516	27,398,451
1/1/00 to 12/31/00	\$1.77516	\$2.02329	24,717,539
Prudential 20/20 Focus Portfolio			
1/1/99* to 12/31/99	\$0.99960	\$1.17842	4,526,683
1/1/00 to 12/31/00	\$1.17842	\$1.09942	7,425,122
AIM VI Growth and Income Fund			
1/24/97* to 12/31/97	\$1.08005	\$1.28644	2,414,429
1/1/98 to 12/31/98	\$1.28644	\$1.61976	5,636,579
1/1/99 to 12/31/99	\$1.61976	\$2.14458	8,448,068
1/1/00 to 12/31/00	\$2.14458	\$1.80711	9,720,950
AIM VI Value Fund			
1/24/97* to 12/31/97	\$1.06636	\$1.27997	2,687,877
1/1/98 to 12/31/98	\$1.27997	\$1.67125	6,623,349
1/1/99 to 12/31/99	\$1.67125	\$2.14096	13,867,703
1/1/00 to 12/31/00	\$2.14096	\$1.80208	18,081,829
Alliance Premier Growth			
5/1/00* to 12/31/00	\$1.01651	\$0.79874	1,767,797
American Century VP Value Fund			
9/1/98* to 12/31/98	\$1.02098	\$1.17305	122,871
1/1/99 to 12/31/99	\$1.17305	\$1.14715	2,092,340
1/1/00 to 12/31/00	\$1.14715	\$1.33658	3,271,112
Credit Suisse Warburg Pincus Trust Global Post-Venture Capital Portfolio			
1/24/97* to 12/31/97	\$0.98396	\$1.07018	624,929
1/1/98 to 12/31/98	\$1.07018	\$1.12410	1,555,894
1/1/99 to 12/31/99	\$1.12410	\$1.81263	2,104,691
1/1/00 to 12/31/00	\$1.81263	\$1.44905	3,551,598
Davis Value Portfolio			
5/1/00* to 12/31/00	\$1.01069	\$0.99182	3,277,583
Franklin Templeton Variable Insurance Products Trust			
Franklin Small Cap Investments Fund—Class 2			
9/1/98* to 12/31/98	\$1.00945	\$1.24477	253,350
1/1/99 to 12/31/99	\$1.24477	\$2.14040	1,955,833
1/1/00 to 12/31/00	\$2.14040	\$1.76141	4,980,000

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Accumulation Unit Values *continued*

ACCUMULATION UNIT VALUES (CONTINUED): AS A PERCENTAGE OF EACH FUND'S AVERAGE DAILY NET ASSETS

	ACCUMULATION UNIT VALUE AT BEGINNING OF PERIOD	ACCUMULATION UNIT VALUE AT END OF PERIOD	NUMBER OF ACCUMULATION UNITS OUTSTANDING AT END OF PERIOD
Janus Aspen Series Growth Portfolio			
1/24/97* to 12/31/97	\$1.04112	\$1.22056	2,360,624
1/1/98 to 12/31/98	\$1.22056	\$1.63278	6,145,905
1/1/99 to 12/31/99	\$1.63278	\$2.31865	13,375,166
1/1/00 to 12/31/00	\$2.31865	\$1.95266	18,498,576
Janus Aspen Series Intn'l Growth Portfolio			
1/24/97* to 12/31/97	\$1.07728	\$1.23121	3,626,939
1/1/98 to 12/31/98	\$1.23121	\$1.42337	7,490,614
1/1/99 to 12/31/99	\$1.42337	\$2.55865	10,899,400
1/1/00 to 12/31/00	\$2.55865	\$2.12110	14,820,457
MFS Emerging Growth Series			
1/24/97* to 12/31/97	\$0.99843	\$1.15186	2,636,905
1/1/98 to 12/31/98	\$1.15186	\$1.52386	8,147,991
1/1/99 to 12/31/99	\$1.52386	\$2.65585	11,792,762
1/1/00 to 12/31/00	\$2.65585	\$2.10566	15,272,415
MFS Research Series			
1/24/97* to 12/31/97	\$1.05478	\$1.21695	2,159,262
1/1/98 to 12/31/98	\$1.21695	\$1.48048	4,582,935
1/1/99 to 12/31/99	\$1.48048	\$1.81149	5,510,866
1/1/00 to 12/31/00	\$1.81149	\$1.69985	5,861,621
OCC Accumulation Trust Managed Portfolio			
1/24/97* to 12/31/97	\$1.08859	\$1.26668	7,302,011
1/1/98 to 12/31/98	\$1.26668	\$1.34022	21,770,163
1/1/99 to 12/31/99	\$1.34022	\$1.38780	23,288,748
1/1/00 to 12/31/00	\$1.38780	\$1.50197	19,918,367
OCC Accumulation Trust Small Cap Portfolio			
1/24/97* to 12/31/97	\$1.05425	\$1.26710	2,630,491
1/1/98 to 12/31/98	\$1.26710	\$1.13668	6,811,750
1/1/99 to 12/31/99	\$1.13668	\$1.10051	7,804,349
1/1/00 to 12/31/00	\$1.10051	\$1.56487	7,859,955
T. Rowe Price Equity Income Portfolio			
1/24/97* to 12/31/97	\$1.07051	\$1.33212	3,846,266
1/1/98 to 12/31/98	\$1.33212	\$1.43277	9,576,908
1/1/99 to 12/31/99	\$1.43277	\$1.46583	11,645,491
1/1/00 to 12/31/00	\$1.46583	\$1.63398	11,413,962
T. Rowe Price Intn'l Series—Intn'l Stock Portfolio			
1/24/97* to 12/31/97	\$1.02164	\$1.05690	1,286,791
1/1/98 to 12/31/98	\$1.05690	\$1.20747	2,623,440
1/1/99 to 12/31/99	\$1.20747	\$1.58765	3,593,199
1/1/00 to 12/31/00	\$1.58765	\$1.28651	4,135,787

* Commencement of Business

Market-Value Adjustment Formula

MARKET-VALUE ADJUSTMENT FORMULA

The Market-Value Adjustment, which is applied to withdrawals and transfers made at any time other than the 30-day period following the end of an interest rate period, involves three amounts:

- 1) The number of whole months remaining in the existing interest rate period.
- 2) The guaranteed interest rate.
- 3) The interest rate that Pruco Life declares for a duration of one year longer than the number of whole years remaining on the existing cell being withdrawn from.

Stated as a Formula, the Market Value is Equal to:
 $(M/12) \times (R-C)$

not to exceed +0.40 or be less than -0.40; where,

-
- M** = the number of whole months (not to be less than one) remaining in the interest-rate period
- R** = the Contract's guaranteed interest-rate expressed as a decimal. Thus 6.2% is converted to 0.062.
- C** = the interest-rate, expressed as a decimal, that Pruco Life declares for a duration equal to the number of whole years remaining in the present interest-rate period, plus 1 year as of the date the request for a withdrawal or transaction is received
-

The Market-Value Adjustment is then equal to the Market Value Factor multiplied by the amount subject to a Market-Value Adjustment.

Step by Step

The steps below explain how a market-value adjustment is calculated.

Step 1: Divide the number of whole months left in the existing interest rate period (not to be less than one) by 12.

Step 2: Divide the interest rate Pruco Life declares on the date the request for withdrawal or transfer is

received for a duration of years equal to the whole number of years determined in Step 1, plus 1 additional year. Subtract this interest rate from the guaranteed interest rate. The result could be negative.

Step 3: Multiply the results of Step 1 and Step 2. Again, the result could be negative. If the result is less than -0.4, use the value -0.4. If the result is in between -0.4 and 0.4, use the actual value. If the result is more than 0.4, use the value 0.4.

Step 4: Multiply the result of Step 3 (which is the Market Value Factor) by the value of the amount subject to a Market-Value Adjustment. The result is the Market-Value Adjustment.

Step 5: The result of Step 4 is added to the interest cell. If the Market-Value Adjustment is positive, the interest cell will go up in value. If the Market-Value Adjustment is negative, the interest cell will go down in value.

Depending upon when the withdrawal request is made, a withdrawal charge may apply.

The following example will illustrate the application of a market-value adjustment and the determination of the withdrawal charge:

Suppose a contractowner made two invested purchase payments, the first in the amount of \$10,000 on December 1, 1995, all of which was allocated to the Equity Subaccount, and the second in the amount of \$5,000 on October 1, 1997, all of which was allocated to the MVA Option with a guaranteed interest rate of 8% (0.08) for 7 years. A request for withdrawal of \$8,500 is made on February 1, 2000 (the contract owner does not provide any withdrawal instructions). On that date the amount in the Equity Subaccount is equal to \$12,000 and the amount in the interest cell with a maturity date of September 30, 2004 is \$5,985.23, so that the contract fund on that date is equal to \$17,985.23.

On February 1, 2000, the interest rates declared by Pruco Life for the duration of 5 Years (4 whole years remaining until September 30, 2004, plus 1 year) is 11%.

Market-Value Adjustment Formula *continued*

The following computations would be made:

- 1) Calculate the Contract Fund value as of the effective date of the transaction. This would be \$17,985.23.
- 2) Calculate the charge-free amount (the amount of the withdrawal that is not subject to a withdrawal charge).

Date	Payment	Free
12/1/95	\$10,000	\$1,000
12/1/96		\$2,000
10/1/97	\$ 5,000	\$2,500
12/1/97		\$4,000
12/1/98		\$5,500
12/1/99		\$7,000

The charge-free amount in the fifth Contract year is 10% of \$15,000 (total purchase payments) plus \$5,500 (the charge-free amount available in the fourth Contract year) for a total of \$7,000.

- 3) Since the withdrawal request is in the fifth Contract year, a 3% withdrawal charge rate applies to any portion of the withdrawal which is not charge-free.

\$8,500.00	<i>requested withdrawal amount</i>
-\$7,000.00	<i>charge-free</i>
\$1,500.00	<i>additional amount needed to complete withdrawal</i>

The Contract provides that the Contract Fund will be reduced by an amount which, when reduced by the withdrawal charge, will equal the amount requested. Therefore, in order to produce the amount needed to complete the withdrawal request (\$1,500), we must "gross-up" that amount, before applying the withdrawal charge rate. This is done by dividing by 1 minus the withdrawal charge rate.

$$\begin{aligned} & \$1,500.00 / (1 - .03) = \\ & \$1,500.00 / 0.97 = \$1,546.39 \text{ grossed-up amount} \end{aligned}$$

Please note that a 3% withdrawal charge on this grossed-up amount reduces it to \$1,500, the balance needed to complete the request.

\$1,546.39	<i>grossed-up amount</i>
× .03	<i>withdrawal charge rate</i>
\$46.39	<i>withdrawal charge</i>

- 4) The Market Value Factor is determined as described in steps 1 through 5, above. In this case, it is equal to 0.08 (8% is the guaranteed rate in the existing cell) minus 0.11 (11% is the interest-rate that would be offered for an interest cell with a duration of the remaining whole years plus 1), which is -0.03, multiplied by 4.58333 (55 months remaining until September 30, 2004, divided by 12) or -0.13750. Thus, there will be a negative Market-Value Adjustment of 14% of the amount in the interest cell that is subject to the adjustment.

-0.13750 × \$5,985.23 =	
-822.97	<i>negative MVA</i>
\$5,985.23	<i>unadjusted value</i>
\$5,162.26	<i>adjusted value</i>
\$12,000.00	<i>equity value</i>
\$17,162.26	<i>adjusted contract fund</i>

- 5) The total amount to be withdrawn, \$8,546.39, (sum of the surrender charge, \$46.39, and the requested withdrawal amount of \$8,500) is apportioned over all accounts making up the Contract Fund following the Market-Value Adjustments, if any, associated with the MVA option.

<i>Equity</i>	
(\$12,000/\$17,162.26) × \$8,546.39	\$5,975.71
<i>7-Yr MVA</i>	
(\$5,162.26/\$17,162.26) × \$8,546.39 =	\$2,570.68
	\$8,546.39

- 6) The adjusted value of the interest cell, \$5,162.26, reduced by the withdrawal of \$2,570.68 leaves \$2,591.58. This amount must be "unadjusted" by dividing it by 0.86250 (1 plus the Market-Value Adjustment of -0.13750) to determine the amount remaining in the interest cell to which the guaranteed interest-rate of 8% will continue to be credited until September 30, 2004 or a subsequent withdrawal. That amount is \$3,004.73.

IRA Disclosure Statement

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

FREE LOOK PERIOD

The annuity contract offered by this prospectus gives you the opportunity to return the contract for a full refund within 10 days (or whatever period is required by applicable state law) after it is delivered. 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 (or SEP) contributions must be made by no later than the time you file your income tax return for that year. For a single taxpayer, the applicable dollar limitation is \$33,000 (in 2001), with the amount of IRA contribution which may be deducted reduced proportionately for Adjusted Gross

Income between \$33,000-\$43,000. For married couples filing jointly, the applicable dollar limitation is \$53,000, with the amount of IRA contribution which may be deducted reduced proportionately for Adjusted Gross Income between \$53,000-\$63,000. There is no deduction allowed for IRA contributions when Adjusted Gross Income reaches \$43,000 for individuals and \$63,000 for married couples filing jointly. These amounts are for 2001. Income limits are scheduled to increase until 2006 for single taxpayers and 2007 for married taxpayers.

Contributions made by your employer to your SEP are excludable from your gross income for tax purposes in the calendar year for which the amount is contributed. Certain employees who participate in a SEP will be entitled to elect to have their employer make contributions to their SEP on their behalf or to receive the contributions in cash. If the employee elects to have contributions made on the employee's behalf to the SEP, those funds are not treated as current taxable income to the employee. Elective deferrals under a SEP are subject to an inflation-adjusted limit, which is \$10,500 in 2001. Salary-reduction SEPs (also called "SARSEPs") are available only if at least 50% of the employees elect to have amounts contributed to the SARSEP and if the employer has 25 or fewer employees at all times during the preceding year. New SARSEPs may not be established after 1996.

The IRA maximum annual contribution and your tax deduction is limited to the lesser of: (1) \$2,000 or (2) 100% of your earned compensation. Contributions in excess of the deduction limits may be subject to penalty. See below.

Under a SEP agreement, the maximum annual contribution which your employer may make on your behalf to a SEP contract that is excludable from your income is the lesser of 15% of your salary or \$25,500 (in 2001). An employee who is a participant in a SEP agreement may make after-tax contributions to the SEP contract, subject to the contribution limits applicable to IRAs in general. Those employee contributions will be deductible subject to the deductibility rules described above.

IRA Disclosure Statement *continued*

The maximum tax deductible annual contribution that a divorced spouse with no other income may make to an IRA is the lesser of (1) \$2,000 or (2) 100% of taxable alimony.

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

Once the 6% excise tax has been imposed, an additional 6% penalty for the following tax year can be avoided if the excess is (1) withdrawn before the end of the following year, or (2) treated as a current contribution for the following year. (See *Premature Distributions* below for penalties imposed on withdrawal when the contribution exceeds \$2,000.)

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 \$2,000 each 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) \$4,000; or (iii) 100% of your combined gross income.

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

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

ROLLOVER CONTRIBUTION

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

A similar type of rollover to an IRA can be made with the proceeds of a qualified distribution from a qualified retirement plan or tax-sheltered annuity. Properly made, such a distribution will not be taxable until you receive payments from the IRA created with it. Unless you were a self-employed participant in the distributing plan, you may later roll over such a contribution to another qualified retirement plan as long as you have not mixed it with IRA (or SEP) contributions you have deducted from your income. (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.)

DISTRIBUTIONS

(a) Premature Distributions

At no time can your interest in your IRA or SEP be forfeited. To insure that your contributions will be used for retirement, the federal tax law does not permit you to use your IRA or SEP as security for a loan. Furthermore, as a general rule, you may not sell or assign your interest in your IRA or SEP to anyone. Use of an IRA (or SEP) as security or assignment of it to another will invalidate the entire annuity. It then will be includable in your income in the year it is invalidated and will be subject to a 10% tax penalty if you are not at least age 59½ or totally disabled. (You may, however, assign your IRA or SEP without penalty to your former

spouse in accordance with the terms of a divorce decree.)

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

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

(b) Distribution After Age 59½

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

(c) Inadequate Distributions—50% Tax

Your IRA or SEP is intended to provide retirement benefits over your lifetime. Thus, federal tax law requires that you either (1) receive a lump-sum distribution of your IRA by April 1 of the year following the year in which you attain age 70½ or (2) start to receive periodic payments by that date. If you elect to

receive periodic payments, those payments must be sufficient to pay out the entire value of your IRA during your life expectancy (or over the joint life expectancies of you and your spouse/beneficiary.) The calculation method is revised under the IRS proposed regulations for distributions beginning in 2002 and are optional for distributions in 2001. If the payments are not sufficient to meet these requirements, an excise tax of 50% will be imposed on the amount of any underpayment.

(d) Death Benefits

If you, (or your surviving spouse) die before receiving the entire value of your IRA (or SEP), the remaining interest must be distributed to your beneficiary (or your surviving spouse's beneficiary) in one lump-sum within 5 years of death, or applied to purchase an immediate annuity for the beneficiary. This annuity must be payable over the life expectancy of the beneficiary beginning by December 31 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, the entire amount must be distributed at least as rapidly as if the owner had survived. 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 Tax 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 Roth IRAs maintained by an individual is generally the lesser of \$2,000 and 100% of compensation for that year (the \$2,000 limit is phased out for incomes between \$150,000 and \$160,000 for married and between \$95,000 and \$110,000 for singles). The contribution

IRA Disclosure Statement *continued*

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. If such a rollover, transfer or conversion occurred before January 1, 1999, the portion of the amount includable in gross income must be included in income ratably over the next four years beginning with the year in which the transaction occurred. 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 non-Roth IRA to a Roth IRA. Persons considering a rollover, transfer or conversion should consult their own tax advisor.

"Qualified distributions" from a Roth IRA are excludable from gross income. A "qualified distribution" is a distribution that satisfies two requirements: (1) the distribution must be made (a) after the owner of the IRA attains age 59½; (b) after the owner's death; (c) due to the owner's disability; or (d) for a qualified first time homebuyer distribution within the meaning of Section 72(t)(2)(F) of the Code;

and (2) the distribution must be made in the year that is at least five tax years after the first year for which a contribution was made to any Roth IRA established for the owner or five years after a rollover, transfer, or conversion was made from a traditional IRA to a Roth IRA. Distributions from a Roth IRA that are not qualified distributions will be treated as made first from contributions and then from earnings, and taxed generally in the same manner as distributions from a traditional IRA.

Distributions from a Roth IRA need not commence at age 70½. However, if the owner dies before the entire interest in a Roth IRA is distributed, any remaining interest in the contract must be distributed by December 31 of the calendar year containing the fifth anniversary of the owner's death subject to certain exceptions.

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.

Contract described herein is no longer available for sale.

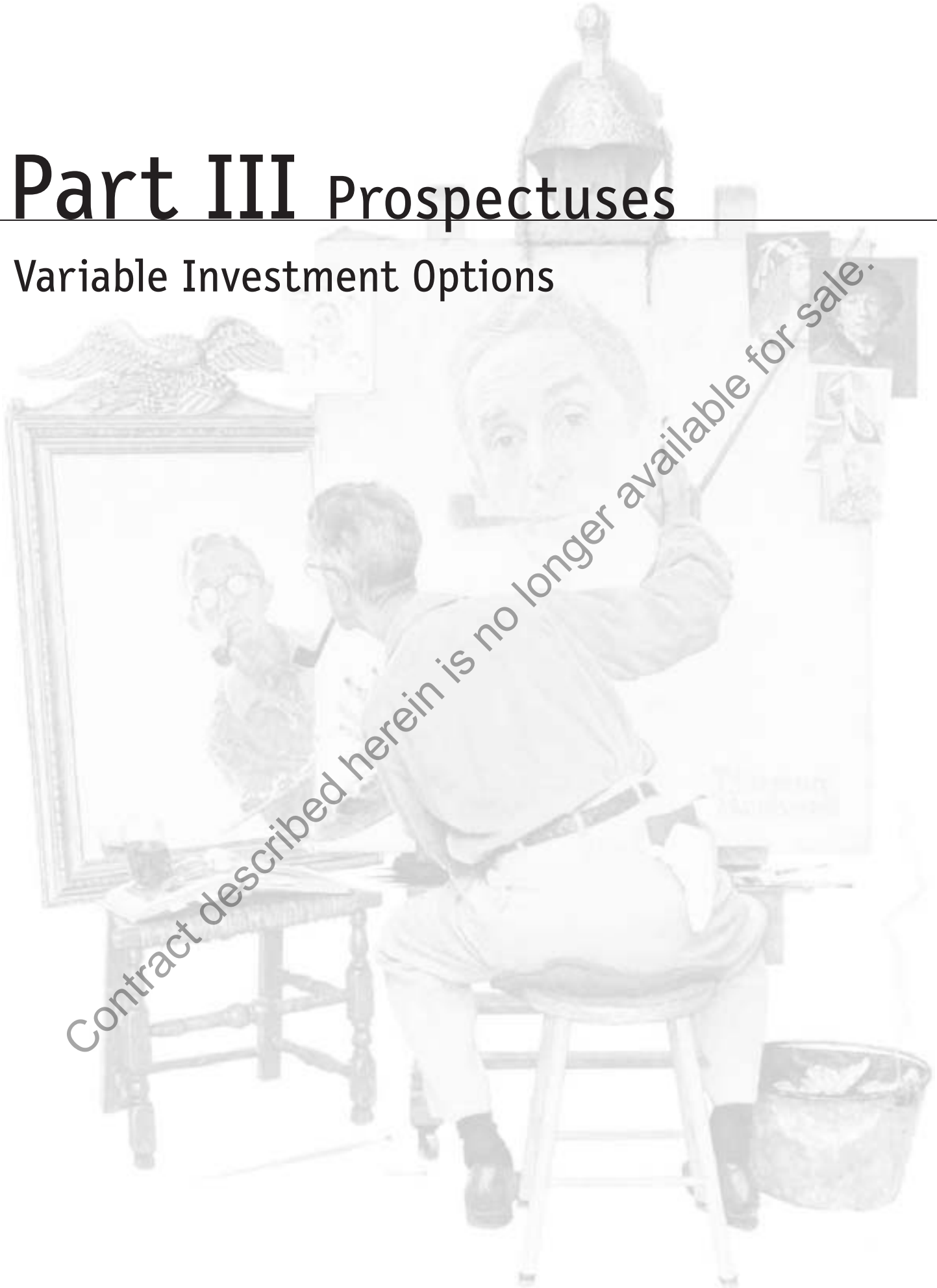
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Part III Prospectuses

Variable Investment Options



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The Prudential Series Fund, Inc.

Prospectus

May 1, 2001

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SP Small/Mid-Cap Value Portfolio
SP Strategic Partners Focused Growth Portfolio

Prudential  **Financial**

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

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

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(For more information—see back cover)

Contract described herein is no longer available for sale.

RISK/RETURN SUMMARY

This prospectus provides information about **The Prudential Series Fund, Inc.** (the Fund), which consists of thirty six 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 (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 the Portfolios available under your Contract. Additional information follows this summary and is also provided in the Fund's Statement of Additional Information (SAI).

INVESTMENT OBJECTIVES AND PRINCIPAL STRATEGIES

The following summarizes the investment objectives, principal strategies and principal risks for each of the Portfolios. We describe the terms listed as principal risks on page 10. 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.

Diversified Bond Portfolio

The Portfolio's investment objective is a **high level of income over a longer term while providing reasonable safety of capital**. This means 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. To achieve our objective, we invest primarily in high-grade debt obligations and high-quality money market investments. We may also 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. 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**
- **market risk**
- **management risk**

Diversified Conservative Growth Portfolio

The Portfolio's investment objective is to provide **current income and a reasonable level of capital appreciation**. To achieve our investment objective, we will invest in a diversified portfolio of debt and equity securities. Up to 35% of the Portfolio's total assets may be invested in high-yield/high-risk debt securities which have speculative characteristics and generally are riskier than higher-rated securities. The Portfolio may also invest in foreign securities including debt obligations of issuers in emerging markets. 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
- market risk
- management risk

Equity Portfolio

The Portfolio's investment objective is **capital appreciation**. To achieve our objective, we invest primarily in common stocks of major established corporations as well as smaller companies that we believe offer attractive prospects of appreciation. In addition, 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
- market risk
- management risk

Global Portfolio

The Portfolio's investment objective is **long-term growth of capital**. To achieve this objective, 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
- market risk
- management risk

High Yield Bond Portfolio

The Portfolio's investment objective is **a high total return**. In pursuing our objective, we invest primarily in high-yield/high-risk debt securities. Such securities have speculative characteristics and are riskier than high-grade securities. In addition, 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
- market risk
- management risk

Money Market Portfolio

The Portfolio's investment objective is **maximum current income consistent with the stability of capital and the maintenance of liquidity**. To achieve our objective, 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 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.

Prudential Jennison Portfolio

The Portfolio's investment objective is to achieve **long-term growth of capital**. To achieve this objective, we invest primarily in equity securities of major, established corporations that we believe offer above-average growth prospects. In addition, 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**
- **management risk**
- **market risk**

Small Capitalization Stock Portfolio

The Portfolio's investment objective is to achieve **long-term growth of capital**. To achieve this objective, we invest primarily in equity securities of publicly-traded companies with small market capitalizations. We attempt to duplicate the price and yield performance of the Standard & Poor's Small Capitalization 600 Stock Index (the S&P SmallCap 600 Index). The market capitalization of the companies that make up the S&P SmallCap Index may change from time to time. As of February 28, 2001, the S&P SmallCap 600 stocks had market capitalizations of between \$2.5 billion and \$27 million.

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**
- **market risk**

Stock Index Portfolio

The Portfolio's investment objective is **investment results that generally correspond to the performance of publicly-traded common stocks**. To achieve our objective, we attempt to duplicate the price and yield of the S&P 500 Composite Stock Price Index (S&P 500). The S&P 500 represents more than 70% of the total market value of all publicly-traded common stocks and is widely viewed as representative of publicly-traded common stocks as a whole. The Portfolio is not "managed" in the traditional sense of using market and economic analyses to select stocks. Rather,

the portfolio manager purchases stocks in proportion to their weighting in the S&P 500. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

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

20/20 Focus Portfolio

The Portfolio's investment objective is **long-term growth of capital**. We seek to achieve this goal by investing primarily in up to 40 equity securities of U.S. companies that are selected by the Portfolio's two portfolio managers (up to 20 by each) as having strong capital appreciation potential. One manager will use a "value" approach, which means he or she will attempt to identify strong companies selling at a discount from their perceived true value. The other manager will use a "growth" approach, which means he or she seeks companies that exhibit higher-than-average earnings growth. Up to 20% 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**
- **derivatives risk**
- **foreign investment risk**
- **management risk**
- **market risk**

Value Portfolio

The Portfolio's investment objective is **capital appreciation**. To achieve our objective, we invest primarily in common stocks that are undervalued — those stocks that are trading below their underlying asset value, cash generating ability and overall earnings and earnings growth. In addition, 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**
- **credit risk**
- **foreign investment risk**
- **interest rate risk**
- **market risk**

SP Aggressive Growth Asset Allocation Portfolio

The SP Aggressive Growth Asset Allocation Portfolio seeks capital appreciation by investing in large cap equity Portfolios, international Portfolios, and small/mid-cap equity Portfolios. Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The SP Aggressive Growth Asset Allocation Portfolio is composed of shares of the following Fund Portfolios:

- a large capitalization equity component (approximately 40% of the Portfolio, invested in shares of the SP Davis Value Portfolio (20% of Portfolio), the SP Alliance Large Cap Growth Portfolio (10% of Portfolio), and the Prudential Jennison Portfolio (10% of Portfolio)); and
- an international component (approximately 35% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (17.5% of Portfolio) and the SP Deutsche International Equity Portfolio (17.5% of Portfolio)); and

- a small/mid-capitalization equity component (approximately 25% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (12.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (12.5% of Portfolio)).

For more information on the following Portfolios, see the pages indicated: Prudential Jennison Portfolio (p. 3), SP Jennison International Growth Portfolio (p. 7), SP Small/Mid-Cap Value Portfolio (p. 10), SP Prudential U.S. Emerging Growth Portfolio (p. 9).

SP Alliance Technology Portfolio

The Portfolio's objective is **growth of capital**. The Portfolio invests primarily in securities of companies that use technology extensively in the development of new or improved products or processes. Within this framework, the Portfolio may invest in any company and industry and in any type of security with potential for capital appreciation. It invests in well-known, established companies or in new or unseasoned companies. The Portfolio also may invest in debt securities and up to 25% of its total assets in foreign securities. Among the principal risks of investing in the Portfolio are market risk and industry/sector risk. In addition, technology stocks, especially those of smaller, less-seasoned companies, tend to be more volatile than the overall stock market. To the extent the Portfolio invests in debt and foreign securities, your investment has interest rate risk, credit risk, foreign risk, and currency risk. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. This Portfolio is advised by Alliance Capital Management, L.P.

Principal Risks:

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

SP Balanced Asset Allocation Portfolio

The SP Balanced Asset Allocation Portfolio seeks to provide a balance between current income and growth of capital by investing in fixed income Portfolios, large cap equity Portfolios, small/mid-cap equity Portfolios, and international equity Portfolios. Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The SP Balanced Asset Allocation Portfolio is composed of shares of the following Portfolios:

- a fixed income component (approximately 40% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (25% of Portfolio) and the SP PIMCO High Yield Portfolio (15% of Portfolio)), and
- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio), and the Prudential Jennison Portfolio (8.75% of Portfolio)); and
- a small/mid capitalization equity component (approximately 15% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (7.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (7.5% of Portfolio)); and
- an international component (approximately 10% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (5% of Portfolio) and the SP Deutsche International Equity Portfolio (5% of Portfolio)).

For more information on the following Portfolios, see the pages indicated: SP PIMCO Total Return Portfolio (p. 9), Prudential Jennison Portfolio (p. 3), SP Small/Mid-Cap Value Portfolio (p. 10), SP Prudential U.S. Emerging Growth Portfolio (p. 9), SP Jennison International Growth Portfolio (p. 7).

SP Conservative Asset Allocation Portfolio

The SP Conservative Asset Allocation Portfolio seeks to provide current income with low to moderate capital appreciation by investing in fixed income Portfolios, large cap equity Portfolios, and small/mid-cap equity Portfolios. Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The SP Conservative Asset Allocation Portfolio is composed of shares of the following Portfolios:

- a fixed income component (approximately 60% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (40% of Portfolio) and the SP PIMCO High Yield Portfolio (20% of Portfolio)); and
- a large capitalization equity component (approximately 30% of the Portfolio, invested in shares of the SP Davis Value Portfolio (15% of Portfolio), the SP Alliance Large Cap Growth Portfolio (7.5% of Portfolio), and the Prudential Jennison Portfolio (7.5% of Portfolio)); and
- a small/mid capitalization equity component (approximately 10% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (5% of Portfolio)).

For more information on the following Portfolios see the pages indicated: SP PIMCO Total Return Portfolio (p. 9), Prudential Jennison Portfolio (p. 3), SP Small/Mid-Cap Value Portfolio (p. 10), SP Prudential U.S. Emerging Growth Portfolio (p. 9).

SP Growth Asset Allocation Portfolio

The SP Growth Asset Allocation Portfolio seeks to provide long-term growth of capital with consideration also given to current income, by investing in large-cap equity Portfolios, fixed income Portfolios, international equity Portfolios, and small/mid-cap equity Portfolios. Pertinent risks are those associated with each Portfolio in which this Portfolio invests. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The Growth Asset Allocation Portfolio is composed of shares of the following Portfolios:

- a large capitalization equity component (approximately 45% of the Portfolio, invested in shares of the SP Davis Value Portfolio (22.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (11.25% of Portfolio), and the Prudential Jennison Portfolio (11.25% of Portfolio)); and
- a fixed income component (approximately 20% of the Portfolio, invested in shares of the SP PIMCO High Yield Portfolio (10% of Portfolio) and the SP PIMCO Total Return Portfolio (10% of Portfolio)); and
- an international component (approximately 20% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (10% of Portfolio) and the SP Deutsche International Equity Portfolio (10% of Portfolio)); and
- a small/mid capitalization equity component (approximately 15% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (7.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (7.5% of Portfolio)).

For more information on the following Portfolios, see the pages indicated: Prudential Jennison Portfolio (p. 3), SP PIMCO Total Return Portfolio (p. 9), SP Jennison International Growth Portfolio (p. 7), SP Small/Mid-Cap Value Portfolio (p. 10), SP Prudential U.S. Emerging Growth Portfolio (p. 9).

SP INVESCO Small Company Growth Portfolio

The Portfolio seeks **long-term capital growth**. Most holdings are in small-capitalization companies — those with market capitalizations under \$2 billion at the time of purchase.

Investments in small, developing companies carry greater risk than investments in larger, more established companies. Developing companies generally face intense competition, and have a higher rate of failure than larger companies. On the other hand, large companies were once small companies themselves, and the growth opportunities of some small companies may be quite high. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. This Portfolio is advised by INVECO Funds Group, Inc.

Principal Risks:

- **company risk**
- **counter party risk**
- **derivatives risk**
- **foreign investment risk**
- **leveraging risk**
- **liquidity risk**
- **management risk**
- **market risk**
- **portfolio turnover risk**

SP Jennison International Growth Portfolio

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

Principal Risks:

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

SP Large Cap Value Portfolio

The Portfolio's investment objective is **long-term growth of capital**. The portfolio's investment strategy includes investing at least 65% of total assets in common stocks of companies with large market capitalizations (over \$1 billion at the time of investment). The Portfolio focuses on investing in securities of companies that Fidelity Management & Research Company (FMR) believes are undervalued in the marketplace in relation to factors such as assets, earnings or growth potential (stocks of these companies are often called "value" stocks). The Portfolio invests in domestic and foreign issuers. The Portfolio uses both fundamental analysis of each issuer's financial condition, its industry position and market and economic conditions, and statistical models to evaluate an issuer's growth potential, valuation, liquidity and investment risk, to select investments. There is a risk that "value" investing may not perform as well as other strategies. An investment in this Portfolio, like any Portfolio, is not a deposit of a bank, and is not insured by the Federal Deposit Insurance Corporation or any other government agency. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

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

SP MFS Capital Opportunities Portfolio

The Portfolio's investment objective is **capital appreciation**. The Portfolio invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depository receipts for those securities. The Portfolio focuses on companies which Massachusetts Financial Services Company (MFS) believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flow. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the Portfolio's portfolio manager and MFS's large group of equity research analysts. The Portfolio may invest in foreign securities (including emerging market securities), through which it may have exposure to foreign currencies. The Portfolio may engage in active and frequent trading to achieve its principal investment strategies. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. High portfolio turnover results in higher transaction costs and can affect the Portfolio's performance.

Principal Risks:

- **company risk**
- **credit risk**
- **derivatives risk**
- **foreign investment risk**
- **interest rate risk**
- **leveraging risk**
- **liquidity risk**
- **management risk**
- **market risk**

SP MFS Mid-Cap Growth Portfolio

The Portfolio's investment objective is **long-term growth of capital**. The Portfolio invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depository receipts for those securities. These securities typically are of medium market capitalizations, which Massachusetts Financial Services Company (MFS) believes have above-average growth potential.

Medium market capitalization companies are defined by the Portfolio as companies with market capitalizations equaling or exceeding \$250 million but not exceeding the top of the Russell Midcap™ Growth Index range at the time of the Portfolio's investment. This Index is a widely recognized, unmanaged index of mid-cap common stock prices. Companies whose market capitalizations fall below \$250 million or exceed the top of the Russell Midcap™ Growth Index range after purchase continue to be considered medium-capitalization companies for purposes of the Portfolio's 65% investment policy. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the portfolio manager and MFS's large group of equity research analysts. 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. The Portfolio may invest in foreign

securities (including emerging markets securities) through which it may have exposure to foreign currencies. The Portfolio is expected to engage in active and frequent trading to achieve its principal investment strategies. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money. High portfolio turnover results in higher transaction costs and can affect the Portfolio's performance.

Principal Risks:

- **company risk**
- **credit risk**
- **derivatives risk**
- **foreign investment risk**
- **interest rate risk**
- **leveraging risk**
- **liquidity risk**
- **management risk**
- **market risk**

SP PIMCO Total Return Portfolio

The investment objective of the Portfolio is to **seek maximum total return, consistent with preservation of capital and prudent investment management**. The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 65% of its assets in a diversified portfolio of fixed income instruments of varying maturities. The average portfolio duration of this Portfolio normally varies within a three- to six-year time frame based on Pacific Investment Management Company's forecast for interest rates. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **credit risk**
- **derivatives risk**
- **foreign investment risk**
- **interest rate risk**
- **leveraging risk**
- **management risk**
- **market risk**
- **mortgage risk**

SP Prudential U.S. Emerging Growth Portfolio

The Portfolio's investment objective is **long-term capital appreciation**, which means that the Portfolio seeks investments whose price will increase over several years. The Portfolio normally invests at least 65% of its total assets in equity securities of small and medium-sized U.S. companies that Jennison Associates LLC believes have the potential for above-average growth. The Portfolio also may use derivatives for hedging or to improve the Portfolio's returns. While the Portfolio makes every effort to achieve its objective, it can't guarantee success. The Portfolio may actively and frequently trade its portfolio securities. High portfolio turnover results in higher transaction costs and can affect the Portfolio's performance. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Principal Risks:

- **company risk**
- **credit risk**
- **derivatives risk**
- **foreign investment risk**
- **interest rate risk**
- **leveraging risk**
- **liquidity risk**

- **management risk**
- **market risk**

SP Small/Mid-Cap Value Portfolio

The Portfolio's investment objective is **long-term growth of capital**. The Portfolio's investment strategy includes normally investing at least 65% of total assets in common stocks of companies with small to medium market capitalizations (those with market capitalizations similar to companies in the Russell 2000 or the Russell Midcap™ Growth Index at the time of investment). The Portfolio focuses on investing in securities of companies that Fidelity Management & Research Company believes are undervalued in the marketplace in relation to factors such as assets, earnings or growth potential (stocks of these companies are often called "value" stocks). The Portfolio invests in domestic and foreign issuers. The Portfolio uses both fundamental analysis of each issuer's financial condition, its industry position and market and economic conditions, and statistical models to evaluate an issuer's growth potential, valuation, liquidity and investment risk, to select investments. 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**
- **liquidity risk**
- **management risk**
- **market risk**

SP Strategic Partners Focused Growth Portfolio

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

Principal Risks:

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

Counterparty Risk. This is a risk associated primarily with repurchase agreements and some derivatives transactions. It is the risk that the other party in the transaction will not fulfill its contractual obligation to complete the transaction with a Fund.

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

Derivatives risk. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, interest rate or index. The Portfolios typically use derivatives as a substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. A Portfolio may also use derivatives for leverage, in which case their use would involve leveraging risk. A Portfolio's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A Portfolio investing in a derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances.

Foreign investment risk. Investing in foreign securities generally involves more risk than investing in securities of U.S. issuers. Foreign investment risk is comprised of 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.

European Economic and Monetary Union. Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain are presently members of the European Economic and Monetary Union (the “EMU”) which as of January 1, 1999, adopted the euro as a common currency. The national currencies will be sub-currencies of the euro until July 1, 2002, at which time these currencies will disappear entirely. Other European countries may adopt the euro in the future.

As the euro is implemented, there may be changes in the relative strength and value of the U.S. dollar and other major currencies, as well as possible adverse tax consequences. The euro transition by EMU countries may affect the fiscal and monetary levels of those participating countries. The outcome of these and other uncertainties could have unpredictable effects on trade and commerce and result in increase volatility for all financial markets.

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 have imposed high taxes on corporate profits.

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

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

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

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

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

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

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

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

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

Portfolio turnover risk. A Fund'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 Fund's shareholders.

* * *

For more information about the risks associated with the Portfolios, see "How the Portfolios Invest—Investment Risks."

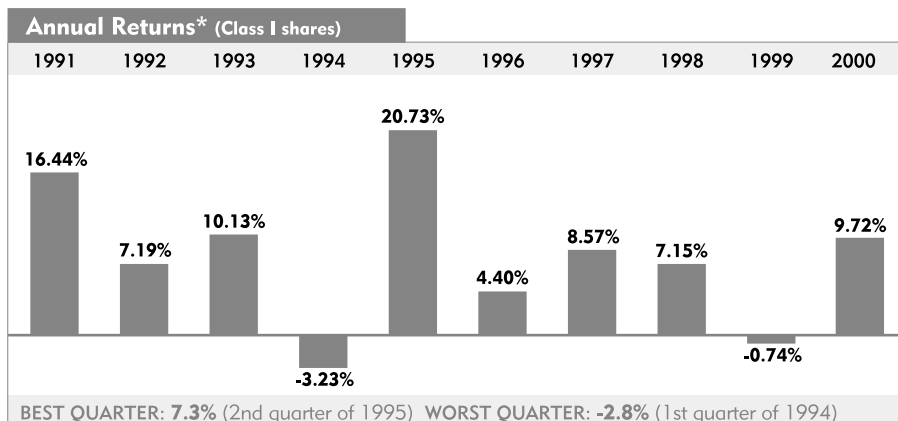
* * *

Contract described herein is no longer available for sale.

EVALUATING PERFORMANCE

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 stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE INCEPTION (5/13/83)</u>
Class I shares	9.72%	5.75%	7.83%	8.68%
Lehman Aggregate Index**	11.63%	6.46%	7.96%	9.44%
Lipper Average***	9.36%	5.73%	7.89%	8.35%

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

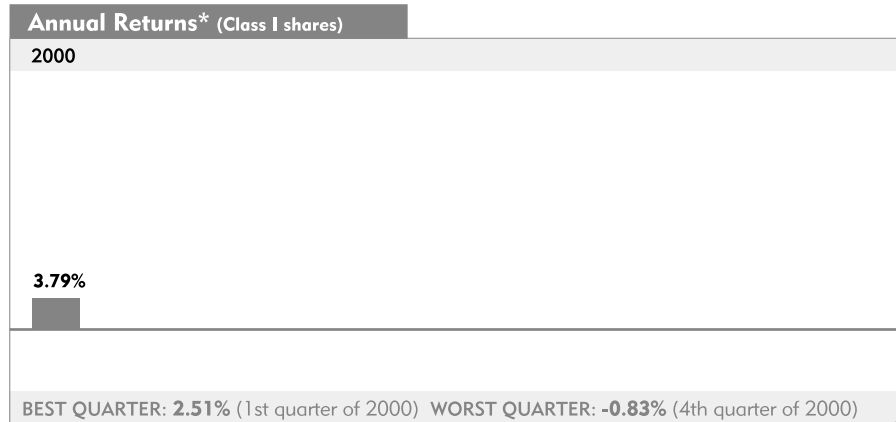
** The Lehman Aggregate Index (LAI) is comprised of more than 5,000 government and corporate bonds. These returns do not include the effect of any sales charges. These returns would be lower if they included the effect of sales charges. The "Since Inception" return reflects the closest calendar month-end return (4/30/83). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Corporate Debt Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest calendar month-end return (4/30/83). Source: Lipper, Inc.

Diversified Conservative Growth Portfolio

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

Annual Returns* (Class I Shares)



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>SINCE INCEPTION (5/3/99)</u>
Class I shares	3.79%	5.96%
S&P 500**	-9.10%	0.53%
Lipper Average***	5.28%	2.20%

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

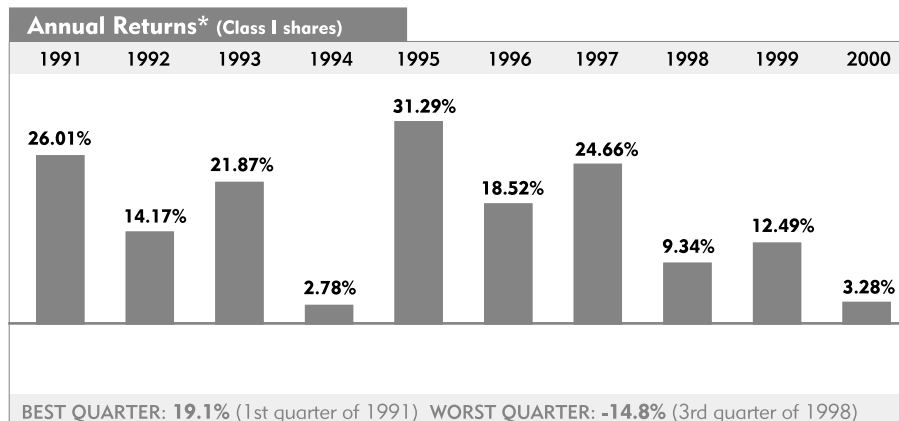
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (4/30/99). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Income Fund Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (4/30/99). Source: Lipper, Inc.

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)



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE INCEPTION (5/13/83)</u>
Class I shares	3.28%	13.42%	16.08%	14.28%
S&P 500**	-9.10%	18.33%	17.44%	15.82%
Lipper Average***	-9.22%	17.39%	17.52%	14.58%

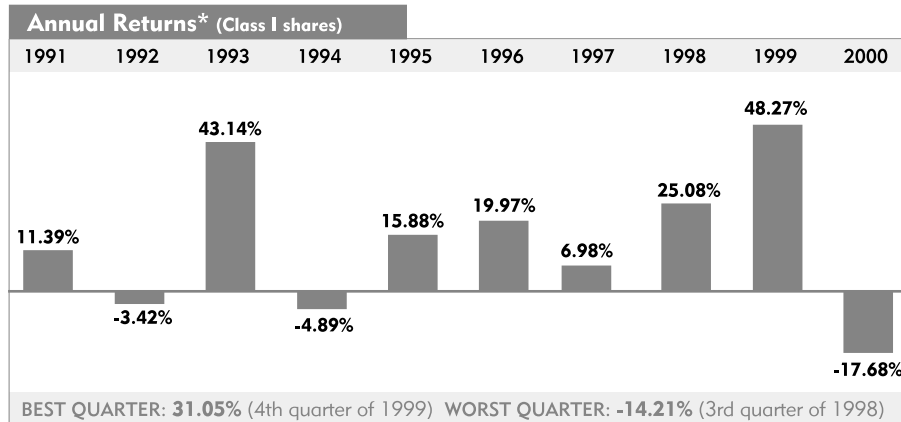
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (4/30/83). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Growth Fund Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (4/30/83). Source: Lipper, Inc.

Global Portfolio

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



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE INCEPTION (9/19/88)</u>
Class I shares	- 17.68%	14.35%	12.74%	11.31%
Morgan Stanley World Index**	- 13.18%	12.12%	11.93%	10.30%
Lipper Average***	- 9.93%	14.05%	12.00%	10.65%

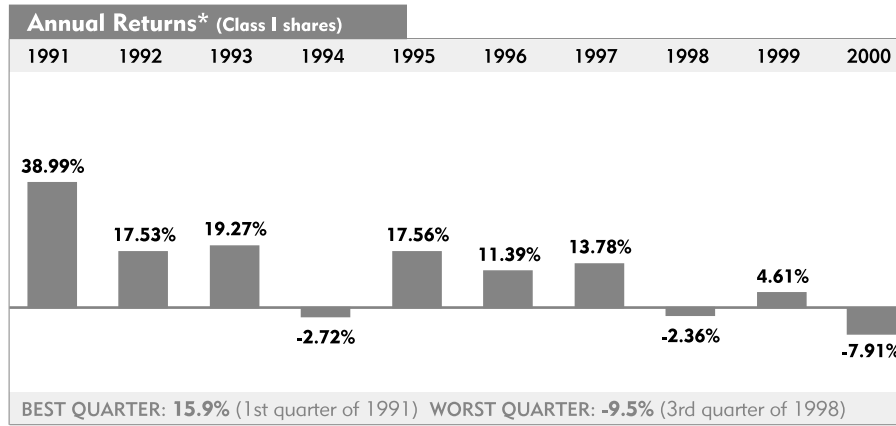
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Morgan Stanley World Index (MSWI) is a weighted index comprised of approximately 1,500 companies listed on the stock exchanges of the U.S.A., Europe, Canada, Australia, New Zealand and the Far East. The "Since Inception" return reflects the closest calendar month-end return (9/30/88). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Global Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest calendar month-end return (9/30/88). Source: Lipper, Inc.

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 stock index and a group of similar mutual funds. Past performance does not mean that the Portfolio will achieve similar results in the future.



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE INCEPTION (2/23/87)</u>
Class I shares	-7.91%	3.58%	1027%	6.74%
Lehman High Yield Index**	-5.86%	4.28%	11.16%	8.05%
Lipper Average***	-7.03%	4.08%	9.84%	7.54%

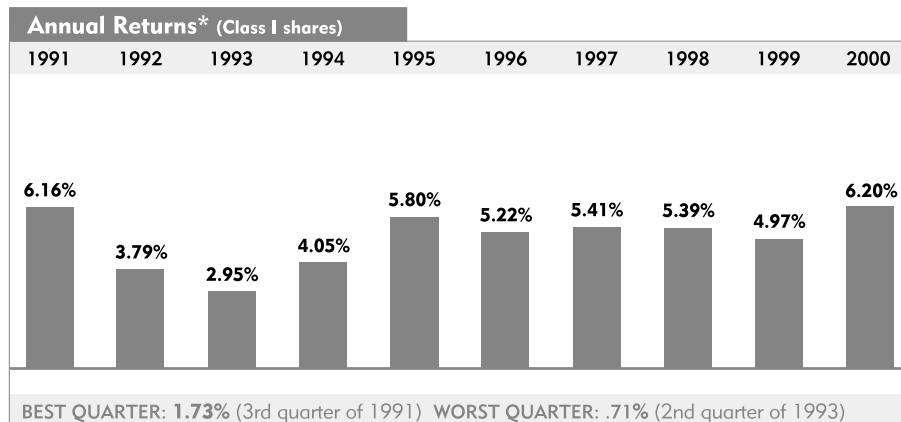
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Lehman High Yield Index is made up of over 700 noninvestment 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. The "Since Inception" return reflects the closest calendar month-end return (2/28/87). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) High Current Yield Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest calendar month-end return (2/28/87). Source: Lipper, Inc.

Money Market Portfolio

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



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE INCEPTION (5/13/83)</u>
Class I shares	6.20%	5.44%	4.99%	6.30%
Lipper Average**	5.99%	5.22%	4.75%	6.23%

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

** The Lipper Variable Insurance Products (VIP) Money Market Average is calculated by Lipper Analytical Services, Inc., and reflects the investment return of certain portfolios underlying variable life and annuity products. These returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest calendar month-end return (4/30/83). Source: Lipper, Inc.

7-Day Yield* (as of 12/26/00)

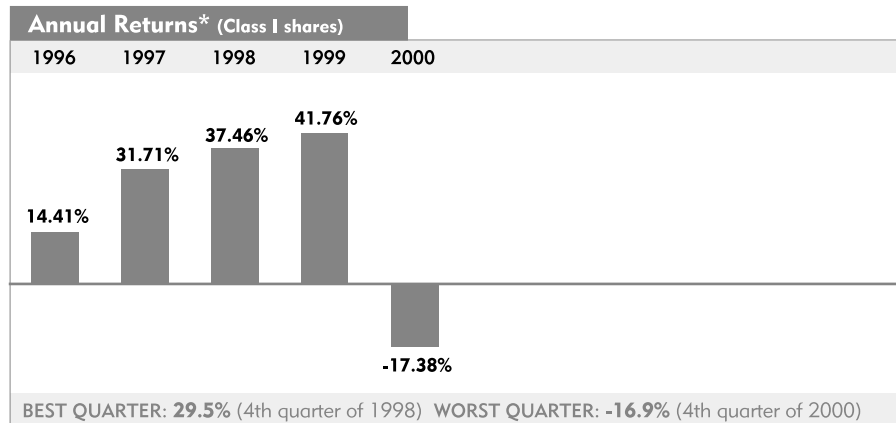
Money Market Portfolio	6.26%
Average Money Market Fund**	5.89%

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

** Source: iMoneyNet, Inc. As of 12/26/00, based on 328 funds in the iMoneyNet General Purpose Universe, First and Second Tier Money Market Fund.

Prudential Jennison Portfolio

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



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>SINCE INCEPTION (4/25/95)</u>
Class I shares	- 17.38%	19.46%	21.70%
S&P 500**	- 9.10%	18.33%	20.11%
Lipper Average***	- 9.22%	17.39%	19.07%

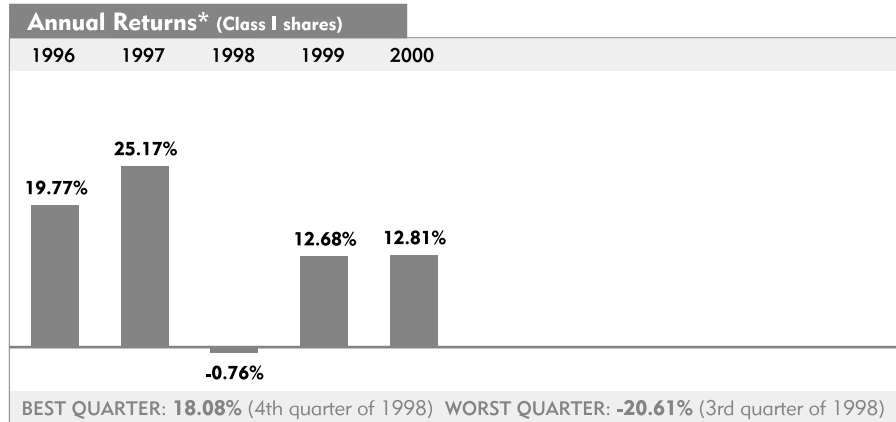
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. Companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (4/30/95). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Growth Fund Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest calendar month-end return (4/30/95). Source: Lipper, Inc.

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.



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEAR</u>	<u>SINCE INCEPTION (4/25/95)</u>
Class I shares	12.81%	13.59%	15.49%
S&P SmallCap 600 Index**	11.18%	13.58%	15.78%
Lipper Average***	0.24%	14.22%	15.10%

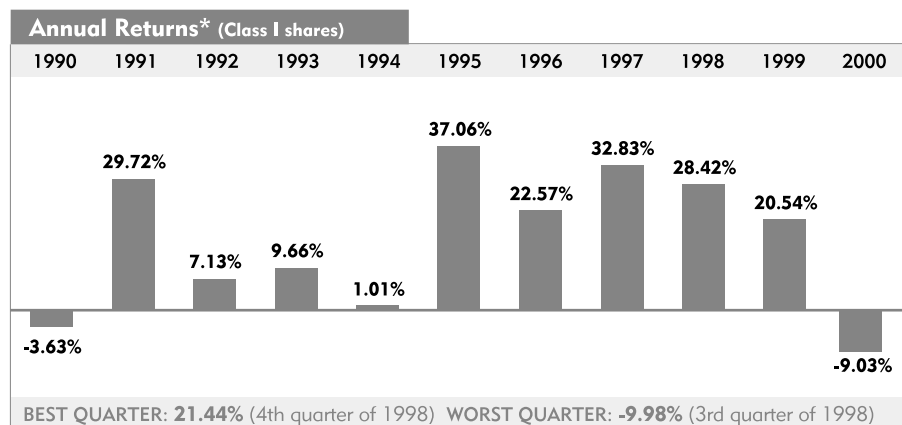
* The Portfolio's returns are after deduction of expenses and do not include Contract charges.

** The 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. The "Since Inception" return reflects the closest month-end return (4/30/95). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Small Cap Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest month-end return (4/30/95). Source: Lipper, Inc.

Stock Index Portfolio

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



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE INCEPTION (10/19/87)</u>
Class I shares	-9.03%	18.05%	17.08%	16.56%
S&P 500**	-9.10%	18.33%	17.44%	15.88%
Lipper Average***	-9.32%	17.98%	17.06%	15.89%

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

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (10/31/87). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) S&P 500 Index Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest calendar month-end return (10/31/87). Source: Lipper, Inc.

20/20 Focus Portfolio

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



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

Average Annual Returns* (as of 12/31/00)

	<u>ONE YEAR</u>	<u>SINCE INCEPTION (5/3/99)</u>
Class I shares	- 5.41%	7.37%
S&P 500**	- 9.10%	0.53%
Lipper Average***	- 9.22%	4.50%

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

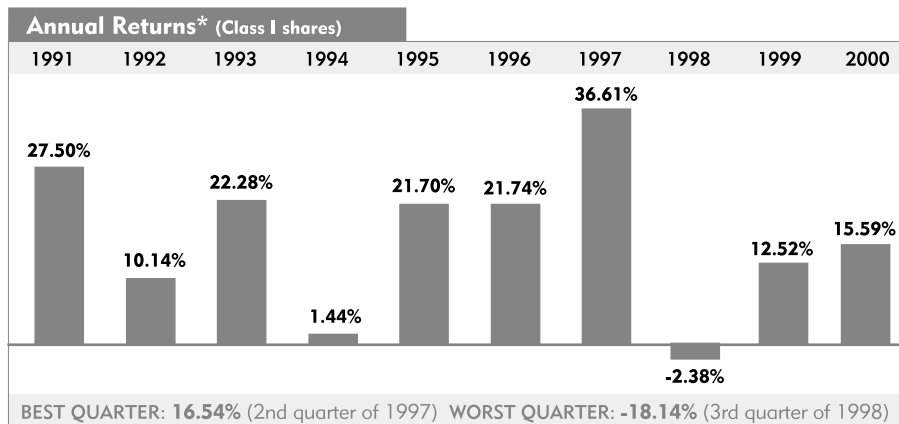
** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of any investment management expenses. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (4/30/99). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Growth Fund Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (4/30/99).

Source: Lipper, Inc.

Value Portfolio

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



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

Average Annual Returns* (as of 12/31/00)

	<u>1 YEAR</u>	<u>5 YEARS</u>	<u>10 YEARS</u>	<u>SINCE INCEPTION (2/19/88)</u>
Class I shares	15.59%	16.12%	16.17%	14.77%
S&P 500**	-9.10%	18.33%	17.44%	16.12%
Lipper Average***	6.74%	15.08%	15.80%	13.89%

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

** The Standard & Poor's 500 Composite Stock Price Index (S&P 500) — an unmanaged index of 500 stocks of large U.S. companies — gives a broad look at how stock prices have performed. These returns do not include the effect of investment management expenses. These returns would be lower if they included the effect of these expenses. The "Since Inception" return reflects the closest calendar month-end return (2/29/88). Source: Lipper, Inc.

*** The Lipper Variable Insurance Products (VIP) Equity Income Average is calculated by Lipper Analytical Services, Inc. and reflects the investment return of certain portfolios underlying variable life and annuity products. The returns are net of investment fees and fund expenses but not product charges. The "Since Inception" return reflects the closest calendar month-end return (2/29/88). Source: Lipper, Inc.

SP Portfolios

The SP Portfolios commenced operations in 2000. No performance information is included for these Portfolios because they do not have at least one full calendar year of operation.

Contract described herein is no longer available for sale.

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 Other Investments and Strategies. 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 or any other government agency.

Diversified Bond Portfolio

Our investment objective is **a high level of income over a longer term while providing reasonable safety of capital**. This means 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. To achieve our objective, we invest primarily in intermediate and long term debt obligations that are rated investment grade and high-quality money market investments. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Our Strategy

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 rates go up.

Debt obligations, in general, 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** and corporate bonds.

Usually, at least 65% of the Portfolio's total assets will be invested in debt securities that are investment grade. This means 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 35% of the Portfolio's total 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.

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 also 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.

We may also invest in loans 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 **loan participations**.

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.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on debt securities; purchase and sell interest rate **futures contracts** and options on those contracts; invest in **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **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**.

We may also use **interest rate swaps** in the management of the Portfolio.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

The Portfolio may 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.

Diversified Conservative Growth Portfolio

Our investment objective is to provide **current income and a reasonable level of capital appreciation**. We seek to achieve this objective by investing in a diversified portfolio of debt and equity securities. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Asset Allocation

This Portfolio is designed for investors who want investment professionals to make their asset allocation decisions for them and are seeking current income and low to moderate capital appreciation. We have contracted with four highly regarded sub-advisers who each will manage a portion of the Portfolio's assets. In this way, the Portfolio offers diversification not only of asset type, but also of investment style. Investors in this Portfolio should have both sufficient time and tolerance for risk to accept periodic declines in the value of their investment.

Under normal market conditions, we invest approximately 60% of the Portfolio's total assets in debt securities of varying maturities with a dollar-weighted average portfolio maturity of between 4 and 15 years. (The maturity of a bond is the number of years until the principal is due and payable. Weighted average maturity is calculated by adding the maturities of all of the bonds in the Portfolio and dividing by the number of bonds on a dollar-weighted basis.)

The types of debt securities in which we can invest include U.S. government securities, corporate debt obligations, asset-backed securities, inflation-indexed bonds of governments and corporations and commercial paper. These debt securities will generally be investment grade. This means 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. We may also invest up to 35% of the Portfolio's total assets in lower rated

securities that are riskier and considered speculative. At the time these high-yield or “junk bonds” are purchased they will have a minimum rating of B by Moody’s, S&P or another major rating service. 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 25% of the Portfolio’s total assets may be invested in debt obligations issued or guaranteed by foreign governments, their agencies and instrumentalities, supranational organizations, and foreign corporations or financial institutions. Up to 10% of the Portfolio’s total assets may be invested in debt obligations of issuers in emerging markets.

The Portfolio will normally invest approximately 40% of its total assets in equity and equity-related securities issued by U.S. and foreign companies. Up to 15% of the Portfolio’s total assets may be invested in foreign equity securities, including those of companies in emerging markets. For these purposes, we do not consider American Depositary Receipts (**ADRs**) as foreign securities.

Generally, the Portfolio’s assets will be allocated as shown in the table below. However, we may rebalance the Portfolio’s assets at any time or add or eliminate portfolio segments, in accordance with the Portfolio’s investment objective and policies.

<u>Percent of Portfolio Assets</u>	<u>Asset Class</u>	<u>Sub-Adviser</u>	<u>Investment Style</u>
40%	Fixed income	Pacific Investment Management Company	Mostly high-quality debt instruments
20%	Fixed income	The Prudential Investment Management, Inc. (Prudential Investments)	High-yield debt, including junk bonds and emerging market debt
15%	Equities	Jennison Associates LLC	Growth-oriented, focusing on large-cap stocks
15%	Equities	Jennison Associates LLC	Value-oriented, focusing on large-cap stocks
5%	Equities	The Dreyfus Corporation	Value-oriented, focusing on small-cap and mid-cap stocks
5%	Equities	Franklin Advisers, Inc.	Growth-oriented, focusing on small-cap and mid-cap stocks.

We may also invest in loans 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 **loan participations**.

We may also invest in debt securities of the U.S. Treasury and corporations that have been issued without interest coupons or that have been stripped of their interest coupons, or have interest coupons that have been stripped from the debt obligation (stripped securities).

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

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio’s returns, protect its assets or for short-term cash management.

We may purchase and sell **options** on equity securities, debt securities, financial indexes and U.S. government securities; engage in foreign currency exchange contracts and related options; purchase and write put and call options on foreign currencies; trade currency futures contracts and options on those contracts; purchase and sell **futures** on debt securities, U.S. government securities, financial indexes and interest rates and related options; and invest in **delayed delivery** and **when-issued** securities.

The Portfolio may also enter into **short sales**. No more than 5% 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**.

We may also use **interest rate swaps** in the management of the Portfolio.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

The Portfolio may also invest up to 30% of its net assets in **reverse repurchase agreements and dollar rolls**.

Equity Portfolio

The investment objective of this Portfolio is **capital appreciation**. This means we seek investments that we believe will provide investment returns above broadly based market indexes. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Blend Approach

In deciding which stocks to buy, our portfolio managers use a blend of investment styles. That is, we invest in stocks that may be undervalued given the company's earnings, assets, cash flow and dividends and also invest in companies experiencing some or all of the following: a price/earnings ratio lower than earnings per share growth, strong market position, improving profitability and distinctive attributes such as unique marketing ability, strong research and development, new product flow, and financial strength.

To achieve our investment objective, we invest primarily in common stocks of major established corporations as well as smaller companies.

35% of the Portfolio's assets may be invested in short, intermediate or long-term debt obligations, including convertible and nonconvertible preferred stock and other equity-related securities. Up to 5% of these holdings may be rated below investment grade. These securities are considered speculative and are sometimes referred to as "junk bonds."

Up to 30% of the Portfolio's total assets may be invested in foreign securities, including money market instruments, equity securities and debt obligations. For these purposes, we do not consider American Depositary Receipts (**ADRs**) as foreign securities.

Under normal circumstances, the Portfolio may invest a portion of its assets in money market instruments. In addition, we may temporarily invest up to 100% of the Portfolio's assets in money market instruments in response to adverse market conditions or when we are restructuring the portfolio. Investing heavily in these securities limits our ability to achieve our investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell stock index and foreign currency **futures contracts** and options on these futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

Global Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. To achieve this objective, we invest primarily in equity and equity-related securities of foreign and U.S. companies. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Global Investing

This Portfolio is intended to provide investors with the opportunity to invest in companies located throughout the world. Although we are not required to invest in a minimum number of countries, we intend generally to invest in at least three countries, including the U.S. However, in response to market conditions, we can invest up to 35% of the Portfolio's total assets in any one country other than the U.S.

When selecting stocks, we use a growth approach which means we look for companies that have above-average growth prospects. In making our stock picks, we look for companies that have had growth in earnings and sales, high returns on equity and assets or other strong financial characteristics. Often, the companies we choose have superior management, a unique market niche or a strong new product.

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

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell **futures contracts** on stock indexes, debt securities, interest rate indexes and foreign currencies and options on these futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

High Yield Bond Portfolio

The investment objective of this Portfolio is a **high total return**. In pursuing our objective, we invest in high yield/high risk 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.

High Yield/High Risk

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.

Normally, we will invest at least 80% of the Portfolio's total assets in medium to lower rated debt securities. These high-yield or "junk bonds" are riskier than higher rated bonds and are considered speculative.

The Portfolio may also 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 acquire common and preferred stock, debt securities and **convertible debt and preferred stock**.

We may also invest in loans 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 **loan participations**.

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.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on debt securities; purchase and sell interest rate **futures contracts** and options on these futures contracts; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **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**.

We may also use **interest rate swaps** in the management of the Portfolio.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

The Portfolio may use up to 30% of its net assets in connection with **reverse repurchase agreements** and **dollar rolls**.

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**. This means we seek investments that we think will provide a high level of current income. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Steady Net Asset Value

The net asset value for the Portfolio will ordinarily remain issued at \$10 per share because dividends are declared and reinvested daily. The price of each share remains the same, but you will have more shares when dividends are declared.

We invest in a diversified portfolio of short-term debt obligations by the U.S. government, its agencies and instrumentalities, as well as commercial paper, asset backed securities, funding agreements, certificates of deposit, floating and variable rate demand notes, notes and other obligations issued by banks, corporations and other companies (including trust structures), and obligations issued by foreign banks, companies or foreign governments.

We make investments that meet the requirements of specific rules for money market mutual funds, such as Investment Company Act 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: (i) 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 (ii) 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 to try to improve the Portfolio’s returns, protect its assets or for short-term cash management. There is no guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available or that the Portfolio will not lose money.

We may purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

The Portfolio may use up to 10% of its net assets in connection with **reverse repurchase agreements**.

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

Prudential Jennison Portfolio

The investment objective of this Portfolio is to achieve **long-term growth of capital**. This means we seek investments whose price will increase over several years. While we make every effort to achieve our objective, we can’t guarantee success and it is possible that you could lose money.

Investment Strategy

We seek to invest in equity securities of established companies with above-average growth prospects. We select stocks on a company-by-company basis using fundamental analysis. In making our stock picks, we look for companies that have had growth in earnings and sales, high returns on equity and assets or other strong financial characteristics. Often, the companies we choose have superior management, a unique market niche or a strong new product.

In pursuing our objective, we normally invest 65% of the Portfolio’s total assets in common stocks and preferred stocks of companies with capitalization in excess of \$1 billion.

For the balance of the Portfolio, we may invest in common stocks, preferred stocks and other equity-related securities of companies that are undergoing changes in management, product and/or marketing dynamics which we believe have not yet been reflected in reported earnings or recognized by investors.

In addition, we may invest in debt securities and **mortgage-related securities**. These securities may be rated as low as Baa by Moody’s or BBB by S&P (or if unrated, of comparable quality in our judgment).

The Portfolio may also invest in obligations issued or guaranteed by the U.S. government, its agencies and instrumentalities. In addition, up to 30% of the Portfolio’s assets may be invested in foreign equity and equity-related securities. For these purposes, we do not consider American Depositary Receipts (**ADRs**) as foreign securities.

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

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell stock index and foreign currency **futures contracts** and options on those futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

Small Capitalization Stock Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. This means we seek investments whose price will increase over several years. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

S&P SmallCap index

We attempt to duplicate the performance 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. 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, 2001, the S&P SmallCap stocks had market capitalizations of between \$27 million and \$2.5 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.

To achieve this objective, we attempt to duplicate the performance of the S&P SmallCap 600 Index. Normally we do this by investing in all or a representative sample of the stocks in the S&P SmallCap 600 Index. Thus, the Portfolio is not "managed" in the traditional sense of using market and economic analyses to select stocks.

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

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. There is no guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available or that the Portfolio will not lose money.

We may: purchase and sell **options** on 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; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **short sales** and **short sales against-the-box**. No more than 5% of the Portfolio's total assets may be used as collateral or segregated for purposes of securing a short sale obligation.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

A stock's inclusion in the S&P SmallCap 600 Index in no way implies S&P's opinion as to the stock's attractiveness as an investment. The Portfolio is not sponsored, endorsed, sold or promoted by S&P. S&P makes no representations regarding the advisability of investing in the Portfolio. "Standard & Poor's," "Standard & Poor's Small Capitalization Stock Index" and "Standard & Poor's SmallCap 600" are trademarks of McGraw Hill.

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**. To achieve this goal, we attempt to duplicate the performance of the S&P 500 Composite Stock Price Index (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.

S&P 500 Index

We attempt to duplicate the performance of the S&P 500 Index, a market-weighted index which represents more than 70% of the market value of all publicly-traded common stocks.

Under normal conditions, we attempt to invest in all 500 stocks represented in the S&P 500 Index in proportion to their weighting in the S&P 500 Index. We will 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.

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 to try to improve the Portfolio's returns or for short-term cash management. There is no guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available or that the Portfolio will not lose money.

We may: purchase and sell **options** on stock indexes; purchase and sell stock **futures contracts** and options on those futures contracts; and purchase and sell exchange-traded fund shares.

The Portfolio may also enter into **short sales** and **short sales against-the-box**. No more than 5% of the Portfolio's total assets may be used as collateral or segregated for purposes of securing a short sale obligation.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

A stock's inclusion in the S&P 500 Index in no way implies S&P's opinion as to the stock's attractiveness as an investment. The portfolio is not sponsored, endorsed, sold or promoted by S&P. S&P makes no representations regarding the advisability of investing in the portfolio. "Standard & Poor's," "Standard & Poor's 500" and "500" are trademarks of McGraw Hill.

20/20 Focus Portfolio

The investment objective of this Portfolio is **long-term growth of capital**. This means we seek investments whose price will increase over several years. While we make every effort to achieve this objective, we can't guarantee success and it is possible that you could lose money.

Value & Growth Approaches

Our strategy is to combine the efforts of two outstanding portfolio managers, each with a different investment style, and to invest in only the favorite stock picks of each manager. One manager will invest using a value approach, which means he will attempt to identify strong companies selling at a discount from their perceived true value. The other manager will use a growth approach, which means he seeks companies that exhibit higher-than-average earnings growth.

To achieve this objective, the Portfolio will invest primarily in up to 40 equity securities of U.S. companies that are selected by the Portfolio's two portfolio managers as having strong capital appreciation potential. Each portfolio manager will manage his own portion of the Portfolio's assets, which will usually include a maximum of 20 securities. Because the Portfolio will be investing in 40 or fewer securities, an investment in this Portfolio may be riskier than an investment in a more widely diversified fund. We intend to be fully invested, under normal market conditions, but may accumulate cash and other short-term investments in such amounts and for such temporary periods of time as market conditions dictate.

Normally, the Portfolio will invest at least 80% of its total assets in common stocks and equity-related securities such as preferred stocks, convertible stocks, and equity interests in partnerships, joint ventures and other noncorporate entities. We may also invest in warrants and similar rights that can be exercised for equity securities, but will not invest more than 5% of the Portfolio's total assets in unattached warrants or rights. The Portfolio may invest up to 20% of its total assets in cash, obligations issued or guaranteed by the U.S. government, its agencies and instrumentalities and derivatives. Up to 20% of the Portfolio's total assets may be invested in foreign securities. For these purposes, we do not consider American Depositary Receipts (**ADRs**) as foreign securities.

The Portfolio may also invest in **Real Estate Investment Trusts (REITs)**.

Under normal circumstances we may invest up to 25% of the Portfolio's total assets in high quality 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.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on financial indexes that are traded on U.S or foreign securities exchanges or in the over-the-counter market; purchase and sell **futures contracts** on stock indexes and foreign currencies and options on those contracts; and purchase or sell securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **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. We may also use up to 25% of the Portfolio's net assets for **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

Value Portfolio

The investment objective of this Portfolio is to seek **capital appreciation**. This means 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. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Contrarian Approach

To achieve our value investment strategy, we generally take a strong contrarian approach to investing. In other words, we usually buy stocks that are out of favor and that many other investors are selling, and we attempt to invest in companies and industries before other investors recognize their true value. Using these guidelines, we focus on long-term performance, not short-term gain.

We will normally invest at least 65% of the Portfolio's total assets in equity and equity-related securities. We buy common stock of companies of every size — small, medium and large capitalization. When deciding which stocks to buy, we look at a company's earnings, balance sheet and cash flow and then at how these factors impact the stock's price and return. We also buy equity-related securities — like bonds, corporate notes and preferred stock — that can be converted into a company's common stock or other equity security.

Up to 35% of the Portfolio's total assets may be invested in other debt obligations including non-convertible preferred stock. When acquiring these types of securities, we usually invest in obligations rated A or better by Moody's or S&P. We may also invest in obligations rated as low as CC by Moody's or Ca by S&P. These securities are considered speculative and are 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.

Up to 30% of the Portfolio's total assets may be invested in foreign securities, including money market instruments, equity securities and debt obligations. For these purposes, we do not consider American Depositary Receipts (ADRs) as foreign securities.

Under normal circumstances, the Portfolio may invest up to 35% of its total assets in high-quality money market instruments. In response to adverse market conditions or when we are restructuring the Portfolio, we may temporarily invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits our ability to achieve our investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell stock index and foreign currency **futures contracts** and options on these futures contracts; enter into **forward foreign currency exchange contracts**; and purchase securities on a **when-issued or delayed delivery** basis.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

SP Alliance Technology Portfolio

The Portfolio emphasizes **growth of capital and invests for capital appreciation**. Current income is only an incidental consideration. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Technology Focus

This Portfolio normally invests at least 80% of its assets in technology.

The Portfolio invests primarily in securities of companies expected to benefit from technological advances and improvements (i.e., companies that use technology extensively in the development of new or improved products or processes). The Portfolio will normally have at least 80% of its assets invested in the securities of these companies.

The Portfolio normally will have substantially all of its assets invested in equity securities, but it also invests in debt securities offering an opportunity for price appreciation. The Portfolio will invest in listed and unlisted securities, in U.S.

securities, and up to 25% of its total assets in foreign securities. The Portfolio may seek income by writing listed call **options**.

The Portfolio's policy is to invest in any company and industry and in any type of security with potential for capital appreciation. It invests in well-known and established companies and in new and unseasoned companies.

The Portfolio also may:

- write covered call **options** on its securities of up to 15% of its total assets and purchase exchange-listed call and put options, including exchange-traded index put **options** of up to, for all options, 10% of its total assets;
- invest up to 10% of its total assets in warrants;
- invest up to 15% of its net assets in illiquid securities; and
- make loans of portfolio securities of up to 30% of its total assets.

Because the Portfolio invests primarily in technology companies, factors affecting those types of companies could have a significant effect on the Portfolio's net asset value. In addition, the Portfolio's investments in technology stocks, especially those of small, less-seasoned companies, tend to be more volatile than the overall market. The Portfolio's investments in debt and foreign securities have credit risk and foreign risk.

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

The Portfolio is managed by Alliance Capital Management, L.P.

SP Asset Allocation Portfolios

There are four Asset Allocation Portfolios, entitled SP Aggressive Growth Asset Allocation Portfolio, SP Balanced Asset Allocation Portfolio, SP Conservative Asset Allocation Portfolio, and SP Growth Asset Allocation Portfolio. The investment objective of each of the Portfolios is to **obtain the highest potential total return consistent with the specified level of risk tolerance**. The definition of risk tolerance level is not a fundamental policy and, therefore, can be changed by the Board at any time. While each Portfolio will try to achieve its objective, we can't guarantee success and it is possible that you could lose money. The Asset Allocation Portfolios are designed for:

- the investor who wants to maximize total return potential, but lacks the time, or expertise to do so effectively;
- the investor who does not want to watch the financial markets in order to make periodic exchanges among portfolios; and
- the investor who wants to take advantage of the risk management features of an asset allocation program.

The investor chooses an Asset Allocation Portfolio by determining which risk tolerance level most closely corresponds to the investor's individual planning needs, objectives and comfort.

Each Asset Allocation Portfolio invests its assets in shares of other Portfolios according to the target percentages indicated in the Portfolio descriptions below. Periodically, we will rebalance each Asset Allocation Portfolio to bring the Portfolio's holdings in line with those target percentages. The manager expects that the rebalancing will occur on a monthly basis, although the rebalancing may occur less frequently. In addition, the manager will review the target percentages annually. Based on its evaluation the target percentages may be adjusted. Such adjustments will be reflected in the annual update to this prospectus. With respect to each of the four Asset Allocation Portfolios, Prudential Investments Fund Management LLC reserves the right to alter the percentage allocations indicated below and/or the other Fund Portfolios in which the Asset Allocation Portfolio invests if market conditions warrant. Although we will make every effort to meet each Asset Allocation Portfolio's investment objective, we can't guarantee success.

Each Asset Allocation Portfolio is managed by Prudential Investments Fund Management LLC.

SP Aggressive Growth Asset Allocation Portfolio

An Asset Allocation Portfolio Investing Fully in Equity Portfolios

This Portfolio aggressively seeks capital appreciation by investing in large cap equity Portfolios, international Portfolios, and small/mid-cap equity Portfolios.

The SP Aggressive Growth Asset Allocation Portfolio is composed of shares of the following Fund Portfolios:

- a large capitalization equity component (approximately 40% of the Portfolio, invested in shares of the SP Davis Value Portfolio (20% of Portfolio), the SP Alliance Large Cap Growth Portfolio (10% of Portfolio), and the Prudential Jennison Portfolio (10% of Portfolio)); and
- an international component (approximately 35% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (17.5% of Portfolio) and the SP Deutsche International Equity Portfolio (17.5% of Portfolio)); and
- a small/mid capitalization equity component (approximately 25% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (12.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (12.5% of Portfolio)).

For more information on the following Portfolios, see the pages indicated: Prudential Jennison Portfolio (p. 60), SP Jennison International Growth Portfolio (p. 62), SP Small/Mid-Cap Value Portfolio (p. 63), SP Prudential U.S. Emerging Growth Portfolio (p. 64).

SP Balanced Asset Allocation Portfolio

A Balance Between Current Income And Capital Appreciation

This Portfolio seeks to balance current income and growth of capital by investing in fixed income Portfolios, large cap equity Portfolios, small/mid-cap equity Portfolios, and international equity Portfolios.

The SP Balanced Asset Allocation Portfolio is composed of shares of the following Portfolios:

- a fixed income component (approximately 40% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (25% of Portfolio) and the SP PIMCO High Yield Portfolio (15% of Portfolio)); and
- a large capitalization equity component (approximately 35% of the Portfolio, invested in shares of the SP Davis Value Portfolio (17.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (8.75% of Portfolio, and the Prudential Jennison Portfolio (8.75% of Portfolio)); and
- a small/mid capitalization equity component (approximately 15% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (7.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (7.5% of Portfolio)); and
- an international component (approximately 10% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (5% of Portfolio) and the SP Deutsche International Equity Portfolio (5% of Portfolio)).

For more information on the following Portfolios, see the pages indicated: SP PIMCO Total Return Portfolio (p. 64), Prudential Jennison Portfolio (p. 60), SP Small/Mid-Cap Value Portfolio (p. 63), SP Prudential U.S. Emerging Growth Portfolio (p. 64), SP Jennison International Growth Portfolio (p. 62).

SP Conservative Asset Allocation Portfolio

An Asset Allocation Portfolio Investing Primarily In Fixed Income Funds

This Portfolio is invested in fixed income, large cap equity, and small/mid-cap equity Portfolios.

The SP Conservative Asset Allocation Portfolio is composed of shares of the following Portfolios:

- a fixed income component (approximately 60% of the Portfolio, invested in shares of the SP PIMCO Total Return Portfolio (40% of Portfolio) and the SP PIMCO High Yield Portfolio (20% of Portfolio)); and
- a large capitalization equity component (approximately 30% of the Portfolio, invested in shares of the SP Davis Value Portfolio (15% of Portfolio), the SP Alliance Large Cap Growth Portfolio (7.5% of Portfolio), and the Prudential Jennison Portfolio (7.5% of Portfolio)); and
- a small/mid capitalization equity component (approximately 10% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (5% of Portfolio)).

For more information on the following Portfolios, see the pages indicated: SP PIMCO Total Return Portfolio (p. 64), Prudential Jennison Portfolio (p. 60), SP Small/Mid-Cap Value Portfolio (p. 63), SP Prudential U.S. Emerging Growth Portfolio (p. 64).

Contract described herein is no longer available for sale

SP Growth Asset Allocation Portfolio

An Asset Allocation Portfolio Investing Primarily In Equity Portfolios

This Portfolio seeks to provide long-term growth of capital with consideration also given to current income.

The Growth Asset Allocation Portfolio is composed of shares of the following Portfolios:

- a large capitalization equity component (approximately 45% of the Portfolio, invested in shares of the SP Davis Value Portfolio (22.5% of Portfolio), the SP Alliance Large Cap Growth Portfolio (11.25% of Portfolio), and the Prudential Jennison Portfolio (11.25% of Portfolio)); and
- a fixed income component (approximately 20% of the Portfolio, invested in shares of the SP PIMCO High Yield Portfolio (10% of Portfolio) and the SP PIMCO Total Return Portfolio (10% of Portfolio)); and
- an international component (approximately 20% of the Portfolio, invested in shares of the SP Jennison International Growth Portfolio (10% of Portfolio) and the SP Deutsche International Equity Portfolio (10% of Portfolio)); and
- a small/mid-capitalization equity component (approximately 15% of the Portfolio, invested in shares of the SP Small/Mid-Cap Value Portfolio (7.5% of Portfolio) and the SP Prudential U.S. Emerging Growth Portfolio (7.5% of Portfolio)).

For more information on the following Portfolios, see the pages indicated: Prudential Jennison Portfolio (p. 60), SP PIMCO Total Return Portfolio (p. 64), SP Jennison International Growth Portfolio (p. 62), SP Small/Mid-Cap Value Portfolio (p. 63), SP Prudential U.S. Emerging Growth Portfolio (p. 64).

SP INVESCO Small Company Growth Portfolio

The Portfolio seeks **long-term capital growth**. Most holdings are in small-capitalization companies. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Small Cap Stock Portfolio

The Portfolio generally invests primarily in the stocks of small companies with market capitalizations under \$2 billion at the time of purchase. The Portfolio may also invest in the stocks of companies with market capitalizations in excess of \$2 billion.

INVESCO is primarily looking for companies in the accelerated developing stages of their life cycles, which are currently priced below INVESCO's estimation of their potential, have earnings which may be expected to grow faster than the U.S. economy in general, and/or offer earnings growth of sales, new products, management changes, or structural changes in the economy. The Portfolio may invest up to 25% of its assets in securities of non-U.S. issuers. Securities of Canadian issuers and **ADRs** are not subject to this 25% limitation.

Most holdings are in small-capitalization companies — those with market capitalizations under \$2 billion at the time of purchase. Although not a principal investment, the Portfolio may use **derivatives**. A derivative is a financial instrument whose value is "derived," in some manner, from the price of another security, index, asset or rate. Derivatives include options and futures contracts, among a wide range of other instruments.

Although not a principal investment, the Portfolio may invest in **options** and **futures contracts**. Options and futures contracts are common types of derivatives that the Portfolio may occasionally use to hedge its investments. An option is the right to buy or sell a security or other instrument, index or commodity at a specific price on or before a specific date. A futures contract is an agreement to buy or sell a security or other instrument, index or commodity at a specific price on a specific date.

Although not a principal investment, the Portfolio may invest in **repurchase agreements**. In addition, the Portfolio may invest in debt securities, **ADRs**, convertible securities, junk bonds, warrants, options (on stock, debt, stock indices, currencies, and futures), **forward foreign currency exchange contracts**, **interest rate swaps**, **when-issued and delayed delivery securities**, **short sales against-the-box**, U.S. government securities, Brady Bonds, and illiquid securities. The Portfolio may lend its portfolio securities. In response to adverse market conditions or when restructuring the Portfolio, INVESCO may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

The Portfolio is managed by INVESCO Funds Group, Inc.

SP Jennison International Growth Portfolio

The investment objective of the Portfolio is to **seek long-term growth of capital**. The Portfolio seeks to achieve its objective through investment in equity-related securities of foreign companies. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Foreign Stock Growth Portfolio

The Portfolio seeks long-term growth by investing in the common stock of foreign companies. The Portfolio generally invests in about 60 securities of issuers located in at least five different foreign countries.

This means the Portfolio seeks investments — primarily the common stock of foreign companies — that will increase in value over a period of years. A company is considered to be a foreign company if it satisfies at least one of the following criteria: its securities are traded principally on stock exchanges in one or more foreign countries; it derives 50% or more of its total revenue from goods produced, sales made or services performed in one or more foreign countries; it maintains 50% or more of its assets in one or more foreign countries; it is organized under the laws of a foreign country; or its principal executive office is located in a foreign country.

The Portfolio invests in about 60 securities of primarily non-U.S. growth companies whose shares appear attractively valued on a relative and absolute basis. The Portfolio looks for companies that have above-average actual and potential earnings growth over the long term and strong financial and operational characteristics. The Portfolio selects stocks on the basis of individual company research. Thus, country, currency and industry weightings are primarily the result of individual stock selections. Although the Portfolio may invest in companies of all sizes, the Portfolio typically focuses on large and medium sized companies. Under normal conditions, the Portfolio intends to invest at least 65% of its total assets in the equity-related securities of foreign companies in at least five foreign countries. The Portfolio may invest anywhere in the world, including North America, Western Europe, the United Kingdom and the Pacific Basin, but generally not the U.S.

The principal type of equity-related security in which the Portfolio invests is common stock. In addition to common stock, the Portfolio may invest in other equity-related securities that include, but are not limited to, preferred stock, rights that can be exercised to obtain stock, warrants and debt securities or preferred stock convertible or exchangeable for common or preferred stock and master limited partnerships. The Portfolio may also invest in **ADRs**, which we consider to be equity-related securities.

In deciding which stocks to purchase for the Portfolio, Jennison looks for growth companies that have both strong fundamentals and appear to be attractively valued relative to their growth potential. Jennison uses a bottom-up approach in selecting securities for the Portfolio, which means that they select stocks based on individual company research, rather than allocating by country or sector. In researching which stocks to buy, Jennison looks at a

company's basic financial and operational characteristics as well as compare the company's stock price to the price of stocks of other companies that are its competitors, absolute historic valuation levels for that company's stock, its earnings growth and the price of existing portfolio holdings. Another important part of Jennison's research process is to have regular contact with management of the companies that they purchase in order to confirm earnings expectations and to assess management's ability to meet its stated goals. Although the Portfolio may invest in companies of all sizes, it typically focuses on large and medium sized companies.

Generally, Jennison looks for companies that have one or more of the following characteristics: actual and potential growth in earnings and cash flow; actual and improving profitability; strong balance sheets; management strength; and strong market share for the company's products.

In addition, Jennison looks for companies whose securities appear to be attractively valued relative to: each company's peer group; absolute historic valuations; and existing holdings of the Portfolio. Generally, they consider selling a security when there is an identifiable change in a company's fundamentals or when expectations of future earnings growth become fully reflected in the price of that security.

The Portfolios may invest in bonds, money market instruments and other fixed income obligations. Generally, the Portfolio will purchase only "Investment-Grade" fixed income investments. This means the obligations have received one of the four highest quality ratings determined by Moody's Investors Service, Inc. (Moody's), or Standard & Poor's Ratings Group (S&P), or one of the other nationally recognized statistical rating organizations (NRSROs). Obligations rated in the fourth category (Baa for Moody's or BBB for S&P) have speculative characteristics and are subject to a greater risk of loss of principal and interest. On occasion, the Portfolio may buy instruments that are not rated, but that are of comparable quality to the investment-grade bonds described above.

In response to adverse market, economic or political conditions, the portfolio may temporarily invest up to 100% of its assets in money market instruments or in the stock and other equity-related securities of U.S. companies. Investing heavily in money market instruments limits the ability to achieve capital appreciation, but may help to preserve the portfolio's assets when global or international markets are unstable. When the portfolio is temporarily invested in equity-related securities of U.S. companies, the portfolio may achieve capital appreciation, although not through investment in foreign companies.

We may also use alternative investment strategies — including **derivatives** — to try to improve the Portfolio's returns, protect its assets or for short-term cash management.

We may: purchase and sell **options** on equity securities, stock indexes and foreign currencies; purchase and sell **futures contracts** on stock indexes, debt securities, interest rate indexes and foreign currencies and options on these futures contracts; enter into **forward foreign currency exchange contracts**; purchase securities on a **when-issued or delayed delivery** basis; and borrow up to 33 1/3% of the value of the Portfolio's total assets.

The Portfolio may also enter into **short sales against-the-box**.

The Portfolio may also enter into **repurchase agreements**. The Portfolio may participate with certain other Portfolios of the Fund in a **joint repurchase account** under an order obtained from the SEC.

This Portfolio is managed by Jennison Associates LLC.

SP Large Cap Value Portfolio

PART III

The investment objective of the SP Large Cap Value Portfolio is long term growth of capital. The Portfolio is managed by Fidelity Management & Research Company (FMR). FMR normally invests at least 65% of the Portfolio's total assets in common stocks of companies with large market capitalizations. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Large-Cap Value Portfolio

The Portfolio normally invests at least 65% of its assets in stocks of companies with large market capitalizations. The Portfolio primarily invests in "value" stocks.

FMR defines large market capitalization companies as companies with market capitalizations equaling or exceeding \$1 billion at the time of the Portfolio's investment. Companies whose capitalizations no longer meet this definition after purchase continue to be considered to have large market capitalizations for purposes of the 65% policy.

FMR focuses on securities of companies that it believes are undervalued in the marketplace in relation to factors such as the company's assets, earnings, or growth potential. The stocks of these companies are often called "value" stocks.

FMR may invest the Portfolio's assets in securities of foreign issuers in addition to securities of domestic issuers.

In buying and selling securities for the Portfolio, FMR relies on fundamental analysis of each issuer and its potential for success in light of its current financial condition, its industry position, and economic and market factors. Factors considered include growth potential, earnings estimates, and management. These securities are then analyzed using statistical models to further evaluate growth potential, valuation, liquidity and investment risk.

The Portfolio primarily invests in equity securities which represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Different types of equity securities provide different voting and dividend rights and priority in the event of the bankruptcy of the issuer. Equity securities include common stocks, preferred stocks, convertible securities, and warrants.

FMR may use various techniques, such as buying and selling **futures contracts**, to increase or decrease the Portfolio's exposure to changing security prices or other factors that affect security values. If FMR's strategies do not work as intended, the Portfolio may not achieve its objective.

Many factors affect the Portfolio's performance. The Portfolio's share price changes daily based on changes in market conditions and interest rates and in response to other economic, political or financial developments. The Portfolio's reaction to these developments will be affected by the types of the securities in which the Portfolio invests, the financial condition, industry and economic sector, and geographic location of an issuer, and the Portfolio's level of investment in the securities of that issuer. When you sell units corresponding to shares of the Portfolio, they could be worth more or less than what you paid for them.

In addition to company risk, derivatives risk, foreign investment risk, leveraging risk, liquidity risk, management risk, and market risk, the following factor can significantly affect the Portfolio's performance:

"Value" stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. "Value" stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks. However, "value" stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.

In response to market, economic, political or other conditions, FMR may temporarily use a different investment strategy for defensive purposes. If FMR does so, different factors could affect the Portfolio's performance and the Portfolio may not achieve its investment objective.

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

SP MFS Capital Opportunities Portfolio

The Portfolio invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depository receipts for those securities. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Capital Opportunities In Both U.S. and Foreign Stocks

The Portfolio invests primarily in stocks, convertible securities, and depository receipts of companies in both the United States and in foreign countries.

The portfolio focuses on companies which Massachusetts Financial Services Company (MFS) believes have favorable growth prospects and attractive valuations based on current and expected earnings or cash flow. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets.

MFS uses a bottom-up, as opposed to a top-down, investment style in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the portfolio manager and MFS' large group of equity research analysts. The Portfolio may invest in foreign securities (including emerging market securities), through which it may have exposure to foreign currencies. The Portfolio may engage in active and frequent trading to achieve its principal investment strategies. Generally, the Portfolio will invest no more than (i) 35% of its net assets in foreign securities and (ii) 15% in lower rated bonds, and the Portfolio will not lend more than 30% of the value of its securities.

The Portfolio can invest in a wide variety of debt and equity securities, including corporate debt, lower-rated bonds, U.S. Government securities, variable and floating rate obligations, zero coupon bonds, deferred interest bonds, PIK bonds, Brady Bonds, depository receipts, forward contracts, **futures contracts**, investment company securities, options (on currencies, futures, securities and stock indices), repurchase agreements, **mortgage dollar rolls**, restricted securities, **short sales against-the-box**, warrants, and **when-issued and delayed delivery securities**. The Portfolio may lend its securities.

The Portfolio also may assume a temporary defensive position. In response to adverse market conditions or when restructuring the Portfolio, MFS may invest up to 100% of the Portfolio's assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the markets are unstable.

The Portfolio is managed by Massachusetts Financial Services Company (MFS).

SP MFS Mid-Cap Growth Portfolio

The Portfolio's investment objective is **long-term growth of capital**. While we make every effort to achieve our objective, we can't guarantee success and it is possible you could lose money.

A Mid-Cap Growth Stock Portfolio

The Portfolio invests primarily in companies with market capitalizations equaling or exceeding \$250 million but not exceeding the top of the Russell Midcap™ Growth Index range at the time of purchase.

The Portfolio invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depository receipts for those securities, of companies with medium market capitalization which Massachusetts Financial Services Company (MFS) believes have above-average growth potential.

Medium market capitalization companies are defined by the Portfolio as companies with market capitalizations equaling or exceeding \$250 million but not exceeding the top of the Russell Midcap™ Growth Index range at the time of the Portfolio's investment. This Index is a widely recognized, unmanaged index of mid-cap common stock prices. Companies whose market capitalizations fall below \$250 million or exceed the top of the Russell Midcap™ Growth Index range after purchase continue to be considered medium-capitalization companies for purposes of the fund's 65% investment policy. As of December 29, 2000, the top of the Russell Midcap™ Growth Index range was approximately

\$22 billion. The Portfolio's investments may include securities listed on a securities exchange or traded in the over-the-counter markets. MFS uses a bottom-up, as opposed to a top-down, investment style in managing the Portfolio. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the portfolio manager and MFS's large group of equity research analysts.

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 tied more closely to the success or failure of a smaller group of Portfolio holdings. The Portfolio may invest in foreign securities (including emerging markets securities) through which it may have exposure to foreign currencies. The Portfolio is expected to engage in active and frequent trading to achieve its principal investment strategies. Generally, the Portfolio will invest no more than (i) 20% of its net assets in foreign securities and (ii) 10% in lower rated bonds, and the Portfolio will not lend more than 30% of the value of its securities. The Portfolio may invest in a variety of debt securities, equity securities, and other instruments, including corporate debt, lower-rated bonds, U.S. government securities, variable and floating rate obligations, zero coupon bonds, deferred interest bonds, PIK bonds, depository receipts, emerging markets equity securities, forward contracts, **futures contracts**, investment company securities, **options** (on currencies, futures, securities, and stock indices), repurchase agreements, restricted securities, **short sales, short sales against-the-box**, short-term debt, warrants, and **when-issued and delayed delivery securities**. The Portfolio may borrow for temporary purposes, and lend its portfolio securities.

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

The Portfolio is managed by Massachusetts Financial Services Company (MFS).

SP PIMCO Total Return Portfolio

The Portfolio invests primarily in investment grade debt securities. It may also invest up to 10% of its assets in high yield securities (also known as "junk bonds") rated B or higher by Moody's or S&P or, if unrated, determined by PIMCO to be of comparable quality.

An Investment Grade Bond Portfolio

The Portfolio invests primarily in investment grade debt securities, including foreign debt securities, but may invest some of its assets in high yield bonds.

The Portfolio may invest up to 20% of its assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally hedge at least 75% of its exposure to foreign currency to reduce the risk of loss due to fluctuations in currency exchange rates.

The Portfolio may invest all of its assets in **derivative instruments**, such as **options, futures contracts** or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may lend its portfolio securities to brokers, dealers and other financial institutions to earn income. The Portfolio may seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or **dollar rolls**). The "total return" sought by the Portfolio consists of income earned on the Portfolio's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates or improving credit fundamentals for a particular sector or security.

In selecting securities for a Portfolio, PIMCO develops an outlook for interest rates, currency exchange rates and the economy; analyzes credit and call risks, and uses other security selection techniques. The proportion of a Portfolio's assets committed to investment in securities with particular characteristics (such as quality, sector, interest rate or maturity) varies based on PIMCO's outlook for the U.S. economy and the economies of other countries in the world, the financial markets and other factors.

PIMCO attempts to identify areas of the bond market that are undervalued relative to the rest of the market. PIMCO identifies these areas by grouping bonds into the following sectors: money markets, governments, corporates, mortgages, asset-backed and international. Sophisticated proprietary software then assists in evaluating sectors and pricing specific securities. Once investment opportunities are identified, PIMCO will shift assets among sectors depending upon changes in relative valuations and credit spreads. There is no guarantee that PIMCO's security selection techniques will produce the desired results. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

The Portfolio may invest in Brady Bonds, which are securities created through the exchange of existing commercial bank loans to sovereign entities for new obligations in connection with a debt restructuring. Investments in Brady Bonds may be viewed as speculative. Brady Bonds acquired by the Portfolio may be subject to restructuring arrangements or to requests for new credit, which may cause the Portfolio to suffer a loss of interest or principal on any of its holdings.

The Portfolio may invest in inflation-indexed bonds, which are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal. The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Short-term increases in inflation may lead to a decline in value. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

The Portfolio may invest in **convertible debt and convertible preferred stock**.

The Portfolio may invest in **mortgage-related securities** or other asset-backed securities.

The Portfolio may also enter into, or acquire participations in, delayed funding loans and revolving credit facilities, in which a lender agrees to make loans up to a maximum amount upon demand by the borrower during a specified term. These commitments may have the effect of requiring a Portfolio to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that a Portfolio is committed to advance additional Portfolios, it will segregate assets determined to be liquid by PIMCO in accordance with procedures established by the Board of Directors in an amount sufficient to meet such commitments. Delayed loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.

For the purpose of achieving income, each Portfolio may lend its portfolio securities to brokers, dealers, and other financial institutions provided a number of conditions are satisfied, including that the loan is fully collateralized.

The Portfolio may make **short sales** as part of its overall portfolio management strategies or to offset a potential decline in value of a security.

The Portfolio may purchase securities which it is eligible to purchase on a **when-issued or delayed delivery** basis, and may make contracts to purchase such securities for a fixed price at a future date beyond normal settlement time (forward commitments).

The Portfolio may enter into **repurchase agreements**.

The Portfolio may enter into **reverse repurchase agreements** and **dollar rolls**.

The Portfolio may invest in "event-linked bonds," which 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.

The Portfolio may invest up to 15% of its net assets in illiquid securities.

The Portfolio may invest up to 10% of its assets in securities of other investment companies, such as closed-end management investment companies, or in pooled accounts or other investment vehicles which invest in foreign markets. As a shareholder of an investment company, the Portfolio may indirectly bear service and other fees which are in addition to the fees the Portfolio pays its service providers.

For temporary or defensive purposes, the Portfolio may invest without limit in U.S. debt securities, including taxable securities and short-term money market securities, when PIMCO deems it appropriate to do so. When the Portfolio engages in such strategies, it may not achieve its investment objective.

The Portfolio is managed by Pacific Investment Management Company (PIMCO).

SP Prudential U.S. Emerging Growth Portfolio

The Portfolio's investment objective is **long-term capital appreciation**. This means the Portfolio seeks investments whose price will increase over several years. While we make every effort to achieve its objective, we can't guarantee success and it is possible that you could lose money.

A Small/Medium-Sized Stock Portfolio

The Portfolio invests primarily in the stocks and medium-sized companies with the potential for above-average growth.

In deciding which equities to buy, the Portfolio uses what is known as a growth investment style. This means the Portfolio invests in companies that it believes could experience superior sales or earnings growth. In pursuing this objective, the Portfolio normally invests at least 65% of the Portfolio's total assets in equity securities of small and medium-sized U.S. companies with the potential for above-average growth.

The Portfolio considers small and medium-sized companies to be those with market capitalizations that are less than the largest capitalization of the Standard and Poor's Mid-Cap 400 Stock Index as of the end of a calendar quarter. As of December 29, 2000, this number was \$13 billion. We use the market capitalization measurements used by S&P at time of purchase.

In addition to buying equities, the Portfolio may invest in other equity-related securities. Equity-related securities include American Depository Receipts (**ADRs**); common stocks; nonconvertible preferred stocks; warrants and rights that can be exercised to obtain stock; investments in various types of business ventures, including partnerships and joint ventures; **real estate investment trusts (REITs)**; and similar securities.

The Portfolio also may buy **convertible debt securities** and convertible preferred stock. These are securities that the Portfolio can convert into the company's common stock or some other equity security. The Portfolio will only invest in investment-grade convertible securities. Generally, the Portfolio considers selling a security when, in the opinion of the investment adviser, the stock has experienced a fundamental disappointment in earnings; it has reached an intermediate-term price objective and its outlook no longer seems sufficiently promising; a relatively more attractive stock emerges; or the stock has experienced adverse price movements.

The Portfolio can invest up to 35% of total assets in equity securities of companies with larger or smaller market capitalizations than previously noted. The Portfolio may participate in the initial public offering (IPO) market. IPO investments may increase the Portfolio's total returns. As the Portfolio's assets grow, the impact of IPO investments will decline, which may reduce the Portfolio's total returns.

The Portfolio can invest up to 35% of total assets in foreign securities, including stocks and other equity-related securities, money market instruments and other investment-grade fixed-income securities of foreign issuers, including those in developing countries. For purposes of the 35% limit, the Portfolio does not consider **ADRs** and other similar receipts or shares to be foreign securities.

Fixed-income obligations include bonds and notes. The Portfolio can invest up to 35% of total assets in investment-grade corporate or government obligations. Investment-grade obligations are rated in one of the top four long-term quality ratings by a major rating service (such as Baa/BBB or better by Moody's Investors Service, Inc. or Standard & Poor's Ratings Group, respectively). The Portfolio also may invest in obligations that are not rated, but which it believes to be of comparable quality. Obligations rated in the fourth category (Baa/BBB) have speculative characteristics. These lower-rated obligations are subject to a greater risk of loss of principal and interest. Generally, fixed-income securities provide a fixed rate of return, but provide less opportunity for capital appreciation than investing in stocks. The Portfolio will purchase money market instruments only in one of the two highest short-term quality ratings of a major rating service.

In response to adverse market, economic or political conditions, the Portfolio may temporarily invest up to 100% of the Portfolio's assets in cash or money market instruments. Investing heavily in these securities limits the Portfolio's ability to achieve capital appreciation, but can help to preserve its assets when the equity markets are unstable.

The Portfolio may also use **repurchase agreements**.

The Portfolio may enter into foreign currency forward contracts to protect the value of its portfolio against future changes in the level of currency exchange rates. The Portfolio may enter into such contracts on a spot, that is, cash, basis at the rate then prevailing in the currency exchange market or on a forward basis, by entering into a forward contract to purchase or sell currency.

The Portfolio may use various **derivative** strategies to try to improve its returns or protect its assets. The Portfolio cannot guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available or that the Portfolio will not lose money.

The Portfolio may invest in securities issued by agencies of the U.S. Government or instrumentalities of the U.S. Government. These obligations, including those which are guaranteed by Federal agencies or instrumentalities, may or may not be backed by the full faith and credit of the United States. Obligations of the Government National Mortgage Association (GNMA), the Farmers Home Administration and the Small Business Administration are backed by the full faith and credit of the United States. In the case of securities not backed by the full faith and credit of the United States, the Portfolio must look principally to the agency issuing or guaranteeing the obligation for ultimate repayment and may not be able to assert a claim against the United States if the agency or instrumentality does not meet its commitments. Securities in which the Portfolio may invest which are not backed by the full faith and credit of the United States include obligations such as those issued by the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association, the Student Loan Marketing Association, Resolution Funding Corporation and the Tennessee Valley Authority, each of which has the right to borrow from the U.S. Treasury to meet its obligations, and obligations of the Farm Credit System, the obligations of which may be satisfied only by the individual credit of the issuing agency. FHLMC investments may include collateralized mortgage obligations.

The Portfolio may invest in mortgage-backed securities, including those which represent undivided ownership interests in pools of mortgages. The U.S. Government or the issuing agency or instrumentality guarantees the payment of interest on and principal of these securities. However, the guarantees do not extend to the yield or value of the securities nor do the guarantees extend to the yield or value of the Portfolio's shares. These securities are in most cases "pass-through" instruments, through which the holders receive a share of all interest and principal payments from the mortgages underlying the securities, net of certain fees.

The Portfolio may purchase and write (that is, sell) put and call options on securities, stock indexes and currencies that are traded on U.S. or foreign securities exchanges or in the over-the-counter market to seek to enhance return or to protect against adverse price fluctuations in securities in the Portfolio's portfolio. These options will be on equity securities, financial indexes (for example, S&P 500 Composite Stock Price Index) and foreign currencies. The Portfolio may write put and call options to generate additional income through the receipt of premiums, purchase put options in an effort to protect the value of securities (or currencies) that it owns against a decline in market value and purchase call options in an effort to protect against an increase in the price of securities (or currencies) it intends to purchase.

The Portfolio may purchase and sell financial **futures contracts** and options thereon which are traded on a commodities exchange or board of trade to reduce certain risks of its investments and to attempt to enhance return in accordance with regulations of the Commodity Futures Trading Commission (CFTC).

The Portfolio also follows certain policies when it borrows money (the Portfolio can borrow up to 20% of the value of its total assets); lends its securities to others (the Portfolio can lend up to 33 1/3% of the value of its total assets, including collateral received in the transaction); and holds illiquid securities (the Portfolio may hold up to 15% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days).

Portfolio Turnover

As a result of the strategies described above, the Portfolio may have an annual portfolio turnover rate of up to 200%. Portfolio turnover is generally the percentage found by dividing the lesser of portfolio purchases or sales by the monthly average value of the portfolio. High portfolio turnover (100% or more) results in higher brokerage commissions and other transaction costs and can affect the Portfolio's performance.

The Portfolio is managed by Jennison Associates LLC.

SP Small/Mid-Cap Value Portfolio

The investment objective of the SP Small/Mid-Cap Value Portfolio is long term growth of capital. The Portfolio is managed by Fidelity Management & Research Company (FMR). FMR normally invests at least 65% of the Portfolio's total assets in common stocks of companies with small to medium market capitalizations.

A Small/Mid-Cap Value Portfolio

The Portfolio normally invests at least 65% of its total assets in companies with small to medium market capitalizations. The Portfolio primarily invests in "value" stocks.

Small to medium market capitalization companies are those companies with market capitalizations similar to the market capitalization of companies in the Russell 2000 or the Russell MidCap at the time of the Portfolio's investment. Companies whose capitalization no longer meets this definition after purchase continue to be considered to have a small to medium market capitalization for purposes of the 65% policy. The size of companies in the Russell 2000 and Russell MidCap changes with market conditions and the composition of the index.

FMR focuses on securities of companies that it believes are undervalued in the marketplace in relation to factors such as the company's assets, earnings, or growth potential. The stocks of these companies are often called "value" stocks.

FMR may invest the Portfolio's assets in securities of foreign issuers in addition to securities of domestic issuers.

In buying and selling securities for the Portfolio, FMR relies on fundamental analysis of each issuer and its potential for success in light of its current financial condition, its industry position, and economic and market factors. Factors considered include growth potential, earnings estimates and management. These securities are then analyzed using statistical models to further evaluate growth potential, valuation, liquidity and investment risk.

The Portfolio invests primarily in equity securities, which represent an ownership interest, or the right to acquire an ownership interest, in an issuer. Different types of equity securities provide different voting and dividend rights and priority in the event of the bankruptcy of the issuer. Equity securities include common stocks, preferred stocks, convertible securities, and warrants.

FMR may use various techniques, such as buying and selling futures contracts, to increase or decrease the Portfolio's exposure to changing security prices or other factors that affect security values. If FMR's strategies do not work as intended, the Portfolio may not achieve its objective. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

Many factors affect the Portfolio's performance. The Portfolio's share price changes daily based on changes in market conditions and interest rates and in response to other economic, political, or financial developments. The Portfolio's reaction to these developments will be affected by the types of securities in which the Portfolio invests, the financial condition, industry and economic sector, and geographic location of an issuer, and the Portfolio's level of investment in the securities of that issuer. When you sell units corresponding to shares of the Portfolio, they could be worth more or less than what you paid for them.

In addition to company risk, derivatives risk, foreign investment risk, leveraging risk, liquidity risk, management risk, and market risk, the following factors can significantly affect the Portfolio's performance:

The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers and can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. Smaller issuers can have more limited product lines, markets and financial resources.

"Value" stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks. "Value" stocks tend to be inexpensive relative to their earnings or assets compared to other types of stocks. However, "value" stocks can continue to be inexpensive for long periods of time and may not ever realize their full value.

In response to market, economic, political or other conditions, FMR may temporarily use a different investment strategy for defensive purposes. If FMR does so, different factors could affect the Portfolio's performance and the Portfolio may not achieve its investment objective.

SP Strategic Partners Focused Growth Portfolio

In pursuing its objective of **long-term growth of capital**, the Portfolio normally invests at least 65% of its total assets in equity-related securities of U.S. companies that are believed to have strong capital appreciation potential. While we make every effort to achieve our objective, we can't guarantee success and it is possible that you could lose money.

A Growth Stock Portfolio

The Portfolio normally invests at least 65% of its total assets in the equity-related securities of U.S. companies that are believed to have strong capital appreciation potential. The Portfolio is managed according to a growth investment style.

The Portfolio's strategy is to combine the efforts of two investment advisers and to invest in the favorite stock selection ideas of three portfolio managers (two of whom invest as a team). Each investment adviser to the Portfolio utilizes a growth style to select approximately 20 securities. The portfolio managers build a portfolio with stocks in which they have the highest confidence and may invest more than 5% of the Portfolio's assets in any one issuer.

The Portfolio may actively and frequently trade its portfolio securities. The Portfolio is a non-diversified mutual fund portfolio. This means that the Portfolio may invest in a relatively high percentage of net assets in a small number of issuers. Investing in a nondiversified mutual fund, particularly a fund investing in approximately 40 equity-related securities, involves greater risk than investing in a diversified fund because a loss resulting from the decline in the value of one security may represent a greater portion of the total assets of a nondiversified fund.

The primary equity-related securities in which the Portfolio invests are common stocks. Generally, each investment adviser will consider selling or reducing a stock position when, in their opinion, the stock has experienced a fundamental disappointment in earnings; it has reached an intermediate-term price objective and its outlook no longer seems sufficiently promising; a relatively more attractive stock emerges; or the stock has experienced adverse price movement. A price decline of a stock does not necessarily mean that an investment adviser will sell the stock at that time. During market declines, either investment adviser may add to positions in favored stocks, which can result in a somewhat more aggressive strategy, with a gradual reduction of the number of companies in which the adviser invests. Conversely, in rising markets, either investment adviser may reduce or eliminate fully valued positions, which can result in a more conservative investment strategy, with a gradual increase in the number of companies represented in the adviser's portfolio segment.

In deciding which stocks to buy, each investment adviser uses what is known as a growth investment style. This means that each adviser will invest in stocks they believe could experience superior sales or earnings growth.

In addition to common stocks in which the Portfolio primarily invests, equity-related securities include nonconvertible preferred stocks; **convertible debt** and convertible preferred stock; American Depositary Receipts (**ADRs**); warrants and rights that can be exercised to obtain stock; investments in various types of business ventures, including partnerships and joint ventures; **real estate investment trusts (REITs)**; and similar securities.

The Portfolio may buy common stocks of companies of every size — small-, medium- and large-capitalization — although its investments are mostly in medium- and large-capitalization stocks. The Portfolio intends to be fully invested, holding less than 5% of its total assets in cash under normal market conditions.

Under normal conditions, there will be an approximately equal division of the Portfolio's assets between the two investment advisers. All daily cash inflows (that is, purchases and reinvested distributions) and outflows (that is, redemptions and expense items) will usually be divided between the two investment advisers as the portfolio manager deems appropriate. There will be a periodic rebalancing of each segment's assets to take account of market fluctuations in order to maintain the approximately equal allocation. As a consequence, the manager may allocate assets from the portfolio segment that has appreciated more to the other.

Alliance Capital Management's portfolio manager, Alfred Harrison, utilizes the fundamental analysis and research of Alliance's large internal research staff. In selecting stocks for the Portfolio, he emphasizes stock selection and investment in a limited number of companies that have strong management, superior industry positions, excellent balance sheets and the ability to demonstrate superior earnings growth.

Jennison Associates' portfolio managers, Spiros Segalas and Kathleen McCarragher, invest in mid-size and large companies experiencing some or all of the following: high sales growth, high unit growth, high or improving returns on assets and equity and a strong balance sheet. These companies generally trade at high prices relative to their current earnings.

Reallocations may result in additional costs since sales of securities may result in higher portfolio turnover. Also, because each investment adviser selects portfolio securities independently, it is possible that a security held by one portfolio segment may also be held by the other portfolio segment of the Portfolio or that the two advisers may simultaneously favor the same industry. Prudential Investments Fund Management LLC will monitor the overall portfolio to ensure that any such overlaps do not create an unintended industry concentration. In addition, if one investment adviser buys a security as the other adviser sells it, the net position of the Portfolio in the security may be approximately the same as it would have been with a single portfolio and no such sale and purchase, but the Portfolio will have incurred additional costs. The portfolio manager will consider these costs in determining the allocation of assets. The portfolio manager will consider the timing of reallocation based upon the best interests of the Portfolio and its shareholders. To maintain the Portfolio's federal income tax status as a regulated investment company, Jennison Associates also may have to sell securities on a periodic basis.

The Portfolio may invest up to 20% of its total assets in foreign securities, including stocks and other equity-related securities, money market instruments and other fixed-income securities of foreign issuers. The Portfolio does not consider **ADRs** and other similar receipts or shares to be foreign securities.

The Portfolio may temporarily hold cash or invest in high-quality foreign or domestic money market instruments pending investment of proceeds from new sales of Portfolio shares or to meet ordinary daily cash needs subject to the policy of normally investing at least 65% of the Portfolio's assets in equity-related securities. In response to adverse market, economic, political or other conditions, the Portfolio may temporarily invest up to 100% of its assets in money market instruments. Investing heavily in these securities limits the ability to achieve the investment objective, but can help to preserve the Portfolio's assets when the equity markets are unstable.

The Portfolio may use **repurchase agreements**.

The Portfolio may purchase and write (that is, sell) put and call **options** on securities indexes that are traded on U.S. or foreign securities exchanges or in the over-the-counter market to try to enhance return or to hedge the Portfolio's portfolio. The Portfolio may write covered put and call options to generate additional income through the receipt of

premiums, purchase put options in an effort to protect the value of a security that it owns against a decline in market value and purchase call options in an effort to protect against an increase in the price of securities it intends to purchase. The Portfolio also may purchase put and call options to offset previously written put and call options of the same series. The Portfolio will write only “covered” options. The Portfolio may purchase and sell stock index futures contracts and related options on stock index futures. The Portfolio may purchase and sell futures contracts on foreign currencies and related options on foreign currency futures contracts.

The Portfolio may invest in securities issued or guaranteed by the U.S. Treasury or by an agency or instrumentality of the U.S. government. Not all U.S. government securities are backed by the full faith and credit of the United States. Some are supported only by the credit of the issuing agency.

The Portfolio will also use **futures contracts** and options on futures contracts for certain bona fide hedging, return enhancement and risk management purposes. The Portfolio may purchase put and call options and write (that is, sell) “covered” put and call options on futures contracts that are traded on U.S. and foreign exchanges.

The Portfolio may use **short sales**.

The Portfolio may use various **derivatives** to try to improve the Portfolio’s returns. The Portfolio may use hedging techniques to try to protect the Portfolio’s assets. We cannot guarantee that these strategies will work, that the instruments necessary to implement these strategies will be available, or that the Portfolio will not lose money.

The Portfolio also follows certain policies when it borrows money (the Portfolio can borrow up to 33 $\frac{1}{3}$ % of the value of its total assets); lends its securities to others for cash management purposes (the Portfolio can lend up to 33 $\frac{1}{3}$ % of the value of its total assets including collateral received in the transaction); and holds illiquid securities (the Portfolio may hold up to 15% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days). The Portfolio is subject to certain investment restrictions that are fundamental policies, which means they cannot be changed without shareholder approval. For more information about these restrictions, see the SAI.

It is not a principal strategy of the Portfolio to actively and frequently trade its portfolio securities to achieve its investment objective. Nevertheless, the Portfolio may have an annual portfolio turnover rate of up to 200%. Portfolio turnover is generally the percentage found by dividing the lesser of portfolio purchases and sales by the monthly average value of the portfolio. High portfolio turnover (100% or more) results in higher brokerage commissions and other costs and can affect the Portfolio’s performance.

The Portfolio is managed by Jennison Associates LLC and Alliance Capital Management, L.P.

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The Statement of Additional Information — which we refer to as the SAI — contains additional information about the Portfolios. To obtain a copy, see the back cover page of this prospectus.

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OTHER INVESTMENTS AND STRATEGIES

As indicated in the description of the Portfolios above, we may use certain of the following investment strategies to increase a Portfolio’s return or protect its assets if market conditions warrant.

ADRs are certificates representing the right to receive foreign securities that have been deposited with a U.S. bank or a foreign branch of a U.S. bank.

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.

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.

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.

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.

Loan Participations — In loan participations, the Portfolio will have a contractual relationship with the lender but not with the borrower. This means the Portfolio will only have rights to principal and interest received by the lender. It will not be able to enforce compliance by the borrower with the terms of the loan and may not have a right to any collateral securing the loan. If the lender becomes insolvent, the Portfolio may be treated as a general creditor and will not benefit from any set-off between the lender and the borrower.

Mortgage-related Securities are usually pass-through instruments that pay investors a share of all interest and principal payments from an underlying pool of fixed or adjustable rate mortgages. We may invest in mortgage-related securities issued and guaranteed by the U.S. government or its agencies like the Federal National Mortgage Association (Fannie Maes) and the Government National Mortgage Association (Ginnie Maes) and debt securities issued (but not guaranteed) by the Federal Home Loan Mortgage Company (Freddie Macs). Private mortgage-related securities that are not guaranteed by U.S. governmental entities generally have one or more types of credit enhancement to ensure timely receipt of payments and to protect against default.

Mortgage-related securities include collateralized mortgage obligations, multi-class pass through securities and stripped mortgage-backed securities. A collateralized mortgage-backed obligation (CMO) is a security backed by an underlying portfolio of mortgages or mortgage-backed securities that may be issued or guaranteed by entities such as banks, U.S. governmental entities or broker-dealers. A multi-class pass-through security is an equity interest in a trust composed of underlying mortgage assets. Payments of principal and interest on the mortgage assets and any reinvestment income provide the money to pay debt service on the CMO or to make scheduled distributions on the multi-class pass-through security. A stripped mortgage-backed security (MBS strip) may be issued by U.S. governmental entities or by private institutions. MBS strips take the pieces of a debt security (principal and interest) and break them apart. The resulting securities may be sold separately and may perform differently. MBS strips are highly sensitive to changes in prepayment and interest rates.

Options — A call option on stock is a short-term contract that gives the option purchaser or “holder” the right to acquire a particular equity security for a specified price at any time during a specified period. For this right, the option purchaser pays the option seller a certain amount of money or “premium” which is set before the option contract is entered into. The seller or “writer” of the option is obligated to deliver the particular security if the option purchaser exercises the option. A put option on stock is a similar contract. In a put option, the option purchaser has the right to sell a particular security to the option seller for a specified price at any time during a specified period. In exchange for this right, the option purchaser pays the option seller a premium. Options on debt securities are similar to stock options except that the option holder has the right to acquire or sell a debt security rather than an equity security. Options on stock indexes are similar to options on stocks, except that instead of giving the option holder the right to receive or sell a stock, it gives the holder the right to receive an amount of cash if the closing level of the stock index is greater than (in the case of a call) or less than (in the case of a put) the exercise price of the option. The amount of cash the holder will receive is determined by multiplying the difference between the index’s closing price and the option’s exercise price, expressed in dollars, by a specified “multiplier”. Unlike stock options, stock index options are always settled in cash, and gain or loss depends on price movements in the stock market generally (or a particular market segment, depending on the index) rather than the price movement of an individual stock.

Real Estate Investment Trusts (REITs) — A REIT is a company that manages a portfolio of real estate to earn profits for its shareholders. Some REITs acquire equity interests in real estate and then receive income from rents and capital gains when the buildings are sold. Other REITs lend money to real estate developers and receive interest income from the mortgages. Some REITs invest in both types of interests.

Repurchase Agreements — In a repurchase transaction, the Portfolio agrees to purchase certain securities and the seller agrees to repurchase the same securities at an agreed upon price on a specified date. This creates a fixed return for the Portfolio.

Reverse Repurchase Agreements — In a reverse repurchase transaction, the Portfolio sells a security it owns and agrees to buy it back at a set price and date. During the period the security is held by the other party, the Portfolio may continue to receive principal and interest payments on the security.

Short Sales — In a short sale, we sell a security we do not own to take advantage of an anticipated decline in the stock’s price. The Portfolio borrows the stock for delivery and if it can buy the stock later at a lower price, a profit results.

Short Sales Against-the-Box — A short sale against-the-box means the Portfolio owns securities identical to those sold short.

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, each Portfolio also follows certain policies when it borrows money (a Portfolio may borrow up to 5% of the value of its total assets); lends its securities; and holds illiquid securities (a Portfolio may hold up to 15% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days). If the Portfolio were to exceed this limit, the investment adviser would take prompt action to reduce a Portfolio's holdings in illiquid securities to no more than 15% of its net assets, as required by applicable law. A Portfolio is subject to certain investment restrictions that are fundamental policies, which means they cannot be changed without shareholder approval. For more information about these restrictions, see the SAI.

The Money Market Portfolio also follows certain policies when it borrows money (the Portfolio may borrow up to 5% of the value of its total assets) and holds illiquid securities (the Portfolio may hold up to 10% of its net assets in illiquid securities, including securities with legal or contractual restrictions on resale, those without a readily available market and repurchase agreements with maturities longer than seven days). If the Portfolio were to exceed this limit, the investment adviser would take prompt action to reduce the Portfolio's holdings in illiquid securities to no more than 10% of its net assets, as required by applicable law. The Portfolio is subject to certain investment restrictions that are fundamental policies, which means they cannot be changed without shareholder approval. For more information about these restrictions, see the SAI.

We will consider other factors (such as cost) in deciding whether to employ any particular strategy or use any particular instrument. For more information about these strategies, see the SAI, "Investment Objectives and Policies of the Portfolios."

HOW THE FUND IS MANAGED

Board of Directors

The Board of Directors oversees the actions of the Investment Adviser, the sub-advisers 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 Fund Management LLC ("PIFM"), a wholly-owned subsidiary of Prudential, serves as the overall investment adviser for the Fund. PIFM is located at Gateway Center Three, 100 Mulberry Street, Newark, N.J. 07102-4077. PIFM and its predecessors have served as manager and administrator to investment companies since 1987. As of January 31, 2001, PIFM served as the manager to 43 mutual funds, and as manager or administrator to 20 closed-end investment companies, with aggregated assets of approximately \$109 billion.

The Fund uses a "manager-of-managers" structure. Under this structure, PIFM is authorized to select (with approval of the Fund's independent directors) one or more sub-advisers to handle the actual day-to-day investment management of each Portfolio. PIFM monitors each sub-adviser's performance through quantitative and qualitative analysis, and periodically reports to the Fund's board of directors as to whether each sub-adviser's agreement should be renewed, terminated or modified. PIFM also is responsible for allocating assets among the sub-advisers if a Portfolio has more than one sub-adviser. In those circumstances, the allocation for each sub-adviser can range from 0% to 100% of a Portfolio's assets, and PIFM can change the allocations without board or shareholder approval. The Fund will notify shareholders of any new sub-adviser or any material changes to any existing sub-advisory agreement.

The following chart lists the total annualized investment advisory fees to be paid in 2001 with respect to each of the Fund's Portfolios.

Portfolio	Total advisory fees as % of average net assets
Diversified Bond	0.40
Diversified Conservative Growth	0.75
Equity	0.45
Global	0.75
High Yield Bond	0.55
Money Market	0.40
Prudential Jennison	0.60
Small Capitalization Stock	0.40
Stock Index	0.35
20/20 Focus	0.75
Value	0.40
SP Aggressive Growth Asset Allocation	0.84*
SP Alliance Technology	1.15
SP Balanced Asset Allocation	0.75*
SP Conservative Asset Allocation	0.71*
SP Growth Asset Allocation	0.80*
SP INVESCO Small Company Growth	0.95
SP Jennison International Growth	0.85
SP Large Cap Value	0.80
SP MFS Capital Opportunities	0.75
SP MFS Mid-Cap Growth	0.80
SP PIMCO Total Return	0.60
SP Prudential U.S. Emerging Growth	0.60
SP Small/Mid-Cap Value	0.90
SP Strategic Partners Focused Growth	0.90

* Each Asset Allocation Portfolio invests in shares of other Fund Portfolios. The advisory fees for the Asset Allocation Portfolios depicted above are the product of a blend of the advisory fees of those other Fund Portfolios, plus a 0.05% annual advisory fee payable to PIFM.

Investment Sub-Advisers

Each Portfolio has one or more sub-advisers providing the day-to-day investment management. PIFM pays each sub-adviser out of the fee that PIFM receives from the Fund.

Jennison Associates LLC serves as the sole sub-adviser for the Global Portfolio, the Prudential Jennison Portfolio, the 20/20 Focus Portfolio, the SP Jennison International Growth Portfolio, and the SP Prudential U.S. Emerging Growth Portfolio. Jennison serves as a sub-adviser for a portion of the assets of Diversified Conservative Growth Portfolio, the Equity Portfolio, the Value Portfolio and the SP Strategic Partners Focused Growth Portfolio. Jennison's address is 466 Lexington Avenue, New York, NY 10017. As of December 31, 2000, Jennison had over \$80.9 billion in assets under management for institutional and mutual fund clients.

Prudential Investment Management, Inc. (Prudential Investments) serves as the sole sub-adviser for the Diversified Bond Portfolio, the High Yield Bond Portfolio, the Money Market Portfolio, the Small Capitalization Stock Portfolio and the Stock Index Portfolio. PIC serves as a sub-adviser for a portion of the assets of the Diversified Conservative Growth Portfolio (under normal circumstances approximately 20% of assets). Prudential Investments' address is 751 Broad Street, Newark, NJ 07102.

Alliance Capital Management, L.P. (Alliance) serves as the sub-adviser to the SP Alliance Technology Portfolio and the SP Strategic Partners Focused Growth Portfolio. The sub-adviser is located at 1345 Avenue of the Americas, New York, New York 10105. Alliance is a leading international investment manager. Alliance's clients are primarily major corporate employee benefit funds, public employee retirement systems, investment companies, foundations and endowment funds. As of December 31, 2000, Alliance managed \$454 billion in assets.

Deutsche Asset Management Inc. (Deutsche), formerly known as Morgan Grenfell, Inc., serves as subadviser for a portion of the assets of the Value Portfolio. It is expected that under normal circumstances Deutsche will manage approximately 25% of the Value Portfolio. Deutsche is a wholly-owned subsidiary of Deutsche Bank AG. As of September 30, 2000 Deutsche's total assets under management exceeded \$17 billion. Deutsche's address is 280 Park Avenue, New York, New York 10017.

Fidelity Management & Research Company (FMR) is the sub-adviser to the SP Large Cap Value Portfolio and the SP Small/Mid-Cap Value Portfolio. As of December 31, 2000, FMR had approximately \$830 billion total assets under management. The address of FMR is 82 Devonshire Street, Boston, MA 02109.

GE Asset Management, Incorporated (GEAM) has served as an Investment Adviser to approximately 25% of the Equity Portfolio since February 16, 2001. GEAM's ultimate parent is General Electric Company. Its address is 3003 Summer Street, Stamford, Connecticut 06904. As of September 30, 2000, GEAM had in excess of \$95 billion under management.

INVESCO Funds Group, Inc. (INVESCO), located at 7800 East Union Avenue, Denver, Colorado, is the sub-adviser of the SP INVESCO Small Company Growth Portfolio. INVESCO was founded in 1932 and manages over \$40.2 billion for more than 2,337,791 shareholder accounts of 45 INVESCO mutual funds. INVESCO is a subsidiary of AMVESCAP PLC, an international investment management company that manages more than \$402.6 billion in assets world-wide. AMVESCAP is based in London, with money managers in Europe, North and South America and the Far East.

Key Asset Management Inc. (Key) serves as a sub-adviser for a portion of the assets of the Value Portfolio. It is expected that under normal circumstances Key will manage approximately 25% of the Portfolio. Key is a wholly-owned subsidiary of KeyCorp, Inc. As of September 30, 2000, Key's total assets under management exceeded \$71 billion. Key's address is 127 Public Square, Cleveland, Ohio 44114.

Massachusetts Financial Services Company (MFS), located at 500 Boylston Street, Boston, MA, acts as the sub-adviser for the SP MFS Capital Opportunities Portfolio and the SP MFS Mid-Cap Growth Portfolio. MFS and its predecessor organizations have a history of money management dating from 1924. MFS is an indirect wholly-owned subsidiary of Sun Life Assurance Company of Canada. As of November 30, 2000, MFS managed over \$141 billion in assets.

Pacific Investment Management Company LLC (PIMCO) acts as the sub-adviser for the SP PIMCO Total Return Portfolio. PIMCO is located at 840 Newport Center Drive, Newport Beach, California 92660 and is a subsidiary of PIMCO Advisors L.P. As of December 31, 2000, PIMCO managed over \$215 billion in assets.

Salomon Brothers Asset Management Inc. (Salomon) serves as sub-adviser for a portion of the assets of the Equity Portfolio. It is expected that under normal circumstances Salomon will manage approximately 25% of the Portfolio. Salomon is part of the global asset management arm of Citigroup Inc., which was formed in 1998 as a result of the merger of Travelers Group and Citicorp Inc. As of September 30, 2000, Salomon managed more than \$30 billion in total assets. Salomon's address is 7 World Trade Center, 37th Floor, New York, New York 10048.

Portfolio Managers

An Introductory Note About Prudential Investments' Fixed Income Group

Prudential Investments' Fixed Income Group, which provides portfolio management services to the Diversified Bond, Diversified Conservative Growth, High Yield Bond and Money Market Portfolios, manages more than \$135 billion for Prudential's retail investors, institutional investors, and policyholders. Senior Managing Director James J. Sullivan heads the Group, which is organized into teams specializing in different market sectors. Top-down, broad investment decisions are made by the Fixed Income Policy Committee, whereas bottom-up security selection is made by the sector teams.

Prior to joining Prudential Investments in 1998, Mr. Sullivan was a Managing Director in Prudential's Capital Management Group, where he oversaw portfolio management and credit research for Prudential's General Account and subsidiary fixed-income portfolios. He has more than 16 years of experience in risk management, arbitrage trading and corporate bond investing.

The Fixed Income Investment Policy Committee is comprised of key senior investment managers, including the chief investment strategist, the head of risk management and the head of quantitative management. The Committee uses a top-down approach to investment strategy, asset allocation and general risk management, identifying sectors in which to invest.

Diversified Bond Portfolio

The Corporate Team, headed by Steven Kellner, is primarily responsible for overseeing the day-to-day management of the Portfolio. This team uses a bottom-up approach, which focuses on individual securities, while staying within the guidelines of the Investment Policy Committee and the Portfolios' investment restrictions and policies. In addition, the Credit Research team of analysts supports the sector teams using bottom-up fundamentals, as well as economic and industry trends. Other sector teams may contribute to securities selection when appropriate.

Corporate Team

Assets Under Management (as of December 31, 2000): \$43.9 billion

Team Leader: Steven Kellner, CFA. **General Investment Experience:** 13 years

Portfolio Managers: 7. **Average General Investment Experience:** 14 years, which includes team members with significant mutual fund experience.

Sector: U.S. investment-grade corporate securities.

Investment Strategy: Focus is on identifying spread, credit quality and liquidity trends to capitalize on changing opportunities in the market. Ultimately, they seek the highest expected return with the least risk.

Diversified Conservative Growth Portfolio

A portfolio management team led by William H. Gross will manage the Diversified Conservative Growth Portfolio. Mr. Gross is a founder and Managing Director of Pacific Investment Management Company ("PIMCO") and has been associated with the firm for 30 years. As Chief Investment Officer of PIMCO he oversees the management of over \$220 billion of fixed income securities. He has 32 years of investment experience, and holds a bachelor's degree from Duke University and MBA from UCLA Graduate School of Business. The portfolio management team develops and implements investment strategy for the Fund.

The High Yield Team, headed by Casey Walsh and Paul Appleby, is primarily responsible for overseeing the day-to-day management of the fixed income portion of the Portfolio assigned to Prudential Investments. For further information about the High Yield Team, see "High Yield Bond Portfolio" below.

The large-cap growth equity portion of the Portfolio advised by Jennison is managed by Spiros "Sig" Segalas, Michael A. Del Balso, and Kathleen A. McCarragher. Mr. Segalas is a founding member and President and Chief Investment Officer of Jennison. He has been in the investment business for over 35 years. Mr. Del Balso, a Director and Executive Vice President of Jennison, has been part of the Jennison team since 1972 when he joined the firm from White, Weld & Company. Mr. Del Balso is a member of the New York Society of Security Analysts. Ms. McCarragher, Director and Executive Vice President of Jennison, is also Jennison's Growth Equity Investment Strategist, having joined Jennison last year after a 20 year investment career, including positions with Weiss, Peck & Greer and State Street Research and Management Company, where she was a member of the Investment Committee.

The large-cap value equity portion of the Portfolio advised by Jennison is managed by Thomas Kolefas. Mr. Kolefas has been a Senior Vice President of Jennison since September 2000. Previously, he was a Managing Director and Senior Portfolio Manager of Prudential Global Asset Management. He joined Prudential in May 2000 from Loomis Sayles Co., L.P., where he headed the Large/Mid Cap Value Team. Prior to 1996, Mr. Kolefas was employed by Mackay Shields Financial as a portfolio manager for five years. Mr. Kolefas earned a B.S. and an M.B.A. from New York University and holds a Chartered Financial Analyst (C.F.A.) designation.

Edward B. Jamieson, Michael McCarthy and Aidan O'Connell manage the portion of the Portfolio assigned to Franklin. Mr. Jamieson is an Executive Vice President of Franklin and Managing Director of Franklin's equity and high yield groups. He has been with Franklin since 1987. Mr. McCarthy joined Franklin in 1992 and is a vice president and portfolio manager specializing in research analysis of several technology groups. Mr. O'Connell joined Franklin in 1998 and is a research analyst specializing in research analysis of the semiconductor and semiconductor capital equipment industries. Prior to joining Franklin, Mr. O'Connell was a research associate and corporate finance associate with Hambrecht & Quist.

William R. Rydell, CFA, and Mark W. Sikorski, CFA, manage the portion of the Portfolio assigned to Dreyfus. Mr. Rydell is a portfolio manager of Dreyfus and is the President and Chief Executive Officer of Mellon Equity Associates LLP. Mr. Rydell has been in the Mellon organization since 1973. Mr. Sikorski is a portfolio manager of Dreyfus and a Vice President of Mellon Equity Associates LLP. Mr. Sikorski has been in the Mellon organization since 1996. Prior to joining Mellon, he managed various corporation treasury projects for Northeast Utilities, including bond refinancing and investment evaluations.

Equity Portfolio

Jeffrey Siegel, Bradley Goldberg and David Kiefer are co-managers of the portion of the Portfolio assigned to Jennison. Mr. Siegel has been an Executive Vice President of Jennison since June 1999. Previously he was at TIAA-CREF from 1988-1999, where he held positions as a portfolio manager and analyst. Prior to joining TIAA-CREF, Mr. Siegel was an analyst for Equitable Capital Management and held positions at Chase Manhattan Bank and First Fidelity Bank. Mr. Siegel earned a B.A. from Rutgers University. Mr. Goldberg, an Executive Vice President of Jennison, joined Jennison in 1974 where he also serves as Chairman of the Asset Allocation Committee. Prior to joining Jennison, he served as Vice President and Group Head in the Investment Research Division of Bankers Trust Company. He earned a B.S. from the University of Illinois and an M.B.A. from New York University. Mr. Goldberg holds a Chartered Financial Analyst (C.F.A.) designation. Mr. Kiefer has been a Senior Vice President of Jennison since August 2000. Previously, he was a Managing Director of Prudential Global Asset Management and has been with Prudential since 1986. Mr. Kiefer earned a B.S. from Princeton University and an M.B.A. from Harvard Business School. He holds a Chartered Financial Analyst (C.F.A.) designation.

Richard Sanderson, Senior Vice President and Director of Research for GEAM, will manage the portion of the Equity Portfolio assigned to GEAM. Mr. Sanderson, a Chartered Financial Analyst, has 29 years of asset management experience and has been employed with GEAM for over 5 years, and holds B.A. and M.B.A. degrees from the University of Michigan.

Michael Kagan, a Director of Salomon, will manage the portion of the Equity Portfolio assigned to Salomon. Mr. Kagan has over 15 years of asset management experience, including experience as an analyst covering the consumer products, aerospace, chemicals, and housing industries. Mr. Kagan received his B.A. from Harvard College and attended the MIT Sloan School of Management.

Global Portfolio

Daniel Duane and Michelle Picker manage this Portfolio. Mr. Duane has been an Executive Vice President of Jennison since October 2000 and was previously a Managing Director of Prudential Global Asset Management. He has been managing the Portfolio since 1991. Prior to joining Prudential, he was with First Investors Asset Management where he was in charge of all global equity investments. He earned a B.A. from Boston College, a Ph.D. from Yale University and an M.B.A. from New York University. He holds a Chartered Financial Analyst (C.F.A.) designation. Michelle Picker has been a Vice President of Jennison since October 2000 and was previously a Vice President of PIC. Ms. Picker joined Prudential in 1992 and has co-managed the Portfolio since October 1997. Ms. Picker earned a B.A. from the University of Pennsylvania and an M.B.A. from New York University. She holds a Chartered Financial Analyst (C.F.A.) designation.

High Yield Bond Portfolio

The High Yield Team, headed by Casey Walsh and Paul Appleby, is primarily responsible for overseeing the day-to-day management of the fixed income portfolio of the Portfolio. This Team uses a bottom-up approach, which focuses on individual securities, while staying within the guidelines of the Investment Policy Committee and the Portfolio's investment restrictions and policies. In addition, the Credit Research team of analysts supports the sector teams using bottom-up fundamentals, as well as economic and industry trends. Other sector teams may contribute to securities selection when appropriate.

High Yield Team

Assets Under Management (as of December 31, 2000): \$7.3 billion.

Team Leader: Casey Walsh and Paul Appleby. **General Investment Experience:** 18 years and 11 years, respectively.

Portfolio Managers: 6. **Average General Investment Experience:** 16 years, which includes team members with significant mutual fund experience.

Sector: Below-investment-grade corporate securities.

Investment Strategy: Focus is generally on bonds with high total return potential, given existing risk parameters. They also seek securities with high current income, as appropriate. The Team uses a relative value approach.

Money Market Portfolio

The Money Market Team, headed by Joseph Tully, is primarily responsible for overseeing the day-to-day management of the Portfolio. This team uses a bottom-up approach, which focuses on individual securities, while staying within the guidelines of the Investment Policy Committee and the Portfolio's investment restrictions and policies.

Money Market Team

Assets Under Management (as of December 31, 2000): \$38.5 billion.

Team Leader: Joseph Tully. **General Investment Experience:** 17 years.

Portfolio Managers: 9. **Average General Investment Experience:** 11 years, which includes team members with significant mutual fund experience.

Sector: High-quality short-term debt securities, including both taxable and tax-exempt instruments.

Investment Strategy: Focus is on safety of principal, liquidity and controlled risk.

Prudential Jennison Portfolio

This Portfolio has been managed by Messrs. Segalas and Del Balso and Ms. McCarragher of Jennison since 1999. (For more information about these managers, see "Diversified Conservative Growth Portfolio," above.)

Small Capitalization Stock Portfolio

Wai Chiang, Vice President of Prudential Investments, has managed this Portfolio since its inception in 1995. Mr. Chiang has been employed by Prudential as a portfolio manager since 1986.

Stock Index Portfolio

John Moschberger, CFA, Vice President of Prudential Investments, has managed this Portfolio since 1990. Mr. Moschberger joined Prudential in 1980 and has been a portfolio manager since 1986.

20/20 Focus Portfolio

Spiros Segalas, Director, Principal and Chief Investment Officer of Jennison, manages the growth portion of the Portfolio. For more information about Mr. Segalas, see "Diversified Conservative Growth Portfolio" above. Bradley Goldberg manages the value portion of the Portfolio. For more information about Mr. Goldberg, see "Equity Portfolio" above.

Value Portfolio

Thomas Kolefas and Bradley Goldberg are the co-portfolio managers of the portion of the Portfolio assigned to Jennison. For more information about Mr. Kolefas, see "Diversified Conservative Growth Portfolio" above. For more information about Mr. Goldberg, see "Equity Portfolio" above.

James Giblin, a Chartered Financial Analyst, will manage the portion of the Portfolio assigned to Deutsche. Mr. Giblin joined Deutsche in 1995 with 22 years of investment experience, including 15 years as a portfolio manager for Cigna Equity Advisors. He received his B.S. from Pennsylvania State University and an M.B.A. from the Wharton School, University of Pennsylvania.

Neil A. Kilbane will manage the portion of the Portfolio assigned to Key. Mr. Kilbane is a Senior Portfolio Managing Director for Key, and is a Chartered Financial Analyst. Mr. Kilbane began his investment career with Key in 1995, and prior to that was employed by Duff & Phelps Investment Management Company and National City Bank. Mr. Kilbane holds a B.S. from Cleveland State University, an M.S. from Kansas State University, and an M.B.A. from Tulsa University.

SP Alliance Technology Portfolio

Peter Anastos and Gerald T. Malone manage the SP Alliance Technology Portfolio. Both portfolio managers are Senior Vice Presidents of ACMC and have been associated with ACMC for more than five years.

We set out below performance information for the **Alliance Technology Fund**, which is a mutual fund managed by ACMC according to investment objectives and practices that are substantially similar to those governing the SP Alliance Technology Portfolio. Alliance Technology Fund and SP Alliance Technology Portfolio are separate funds with different expense structures and portfolio holdings and different purchase and redemption patterns, and the past performance of Alliance Technology Fund is not indicative of the future performance of SP Alliance Technology Portfolio. If material differences between the investment styles of the Alliance Technology Fund and SP Alliance Technology Portfolio should develop in the future, we will disclose such differences. PIFM monitors the performance of SP Alliance Technology Portfolio, but not Alliance Technology Fund. In general, Portfolio returns are reduced by expenses under your variable insurance contract.

OTHER FUND PERFORMANCE**SEC STANDARDIZED AVERAGE ANNUAL TOTAL RETURNS
ALLIANCE TECHNOLOGY FUND**

**(FOR THE PERIODS ENDED
DECEMBER 31, 2000)**

	1 YEAR	5 YEARS	10 YEARS
Class A	-27.82%	20.35%	26.21%
Nasdaq Composite Index(1)	-39.29%	18.62%	20.78%

(1) The Nasdaq Composite Index measures all Nasdaq domestic and non-U.S. based common stocks listed on the Nasdaq Stock Market.

SP Asset Allocation Portfolios

For the four Asset Allocation Portfolios, Prudential Investments Fund Management LLC invests in shares of other Fund Portfolios within the product according to the percentage allocations discussed in this prospectus.

SP INVESCO Small Company Growth Portfolio

The following individuals are primarily responsible for the day-to-day management of the Portfolio's holdings:

Stacie Cowell — is the lead portfolio manager of the SP INVESCO Small Company Growth Portfolio and a Chartered Financial Analyst (CFA) who joined INVESCO in 1997. She is also a vice president of INVESCO. Before joining the company, she was senior equity analyst with Founders Asset Management and capital markets and trading analyst with Chase Manhattan Bank in New York. She holds a B.A. in Economics from Colgate University and an M.S. from the University of Colorado (Boulder).

We set out below performance information for **INVESCO Small Company Growth Fund** (Investor Class), which is a mutual fund managed by INVESCO, according to investment objectives and practices that are substantially similar to those governing the SP INVESCO Small Company Growth Portfolio. INVESCO Small Company Growth Fund and SP INVESCO Small Company Growth Portfolio are separate funds with different expense structures and portfolio holdings and different purchase and redemption patterns, and the past performance of INVESCO Small Company Growth Fund is not indicative of the future performance of SP INVESCO Small Company Growth Portfolio. If material differences between the investment styles of INVESCO Small Company Growth Fund and SP INVESCO Small Company Growth Portfolio should develop in the future, we will disclose such differences. PIFM monitors the performance of SP INVESCO Small Company Growth Portfolio, but not INVESCO Small Company Growth Fund. In general, Portfolio returns are reduced by expenses under your variable insurance contract.

OTHER FUND PERFORMANCE

SEC STANDARDIZED AVERAGE ANNUAL TOTAL RETURNS INVESCO SMALL COMPANY GROWTH FUND

(FOR THE PERIODS ENDED
DECEMBER 31, 2000)

	1 YEAR	5 YEARS	SINCE INCEPTION(2)
Investor Class shares(1)	- 12.19%	19.34%	19.26%
Russell 2000 Index(3)	- 3.02%	10.31%	12.56%

- (1) Total return figures include reinvested dividends and capital gain distributions, and include the effect of the Fund's expenses.
- (2) The INVESCO Small Company Growth Fund commenced investment operations on December 27, 1991.
- (3) The Russell 2000 Index is an unmanaged index of small capitalization stocks.

SP Jennison International Growth Portfolio

The Portfolio is co-managed by Howard Moss and Blair Boyer. Mr. Moss and Mr. Boyer have worked together managing international equity portfolios since 1989. Howard Moss has been an Executive Vice President and Director of Jennison since 1993. Mr. Moss has been in the investment business for 30 years. Mr. Moss received a B.A. from the University of Liverpool. Blair Boyer is an Executive Vice President and Director of Jennison and has been with Jennison since 1993. Mr. Boyer received a B.A. from Bucknell University and an M.B.A. from New York University.

We set out below performance information for **Jennison International Growth Fund**, which is a mutual fund managed by Jennison according to investment objectives and practices that are substantially similar to those governing the SP Jennison International Growth Portfolio. Jennison International Growth Fund and SP Jennison International Growth Portfolio are separate funds with different expense structures and portfolio holdings and different purchase and redemption patterns, and the past performance of Jennison International Growth Fund is not indicative of the future performance of SP Jennison International Growth Portfolio. If material differences between the investment styles of Jennison International Growth Fund and SP Jennison International Growth Portfolio should develop in the future, we will disclose such differences. PIFM monitors the performance of SP Jennison International Growth Portfolio, but not Jennison International Growth Fund. In general, Portfolio returns are reduced by expenses under your variable insurance contract.

OTHER FUND PERFORMANCE

SEC STANDARDIZED AVERAGE ANNUAL TOTAL RETURNS JENNISON INTERNATIONAL GROWTH FUND

(FOR THE PERIODS ENDED
DECEMBER 31, 2000)

	SINCE INCEPTION	INCEPTION DATE
Class A	- 31.70%	31/1/00
Lipper International Fund Avg.(1)	- 15.47%	

- (1) Unweighted average annual return, net of fees and expenses, of all mutual funds that invested primarily in stocks and other equity securities of companies outside the United States during the periods covered.

SP Large Cap Value Portfolio And SP Small/Mid-Cap Value Portfolio

Fidelity Management & Research Company is the Portfolios' sub-adviser. Jeff Kerrigan is portfolio manager of the SP Small/Mid-Cap Value Portfolio. Mr. Kerrigan is a vice president and portfolio manager for other accounts managed by FMR and its affiliates. He joined Fidelity in 1999. Robert MacDonald is portfolio manager of the SP Large Cap Value Portfolio. Mr. Macdonald is a senior vice president and portfolio manager of structured equity investments. He joined Fidelity in 1985.

The SP Large Cap Value and SP Small/Mid-Cap Value Portfolios commenced operations on September 22, 2000. Performance history will be available for the SP Large Cap Value and SP Small/Mid-Cap Value Portfolios after each has been in operation for one calendar year.

SP MFS Capital Opportunities Portfolio

The Portfolio is managed by Maura A. Shaughnessy, a Senior Vice President of Massachusetts Financial Services Company (MFS), who has been employed in the investment management area of MFS since 1991.

We set out below performance information for **MFS Capital Opportunities Fund**, which is a mutual fund managed by MFS according to investment objectives and practices that are substantially similar to those governing the SP MFS Capital Opportunities Portfolio. MFS Capital Opportunities Fund and SP MFS Capital Opportunities Portfolio are separate funds with different expense structures and portfolio holdings and different purchase and redemption patterns, and the past performance of MFS Capital Opportunities Fund is not indicative of the future performance of SP MFS Capital Opportunities Portfolio. If material differences between the investment styles of MFS Capital Opportunities Fund and SP MFS Capital Opportunities Portfolio should develop in the future, we will disclose such differences. PIFM monitors the performance of SP MFS Capital Opportunities Portfolio, but not MFS Capital Opportunities Fund. In general, Portfolio returns are reduced by expenses under your variable insurance contract.

OTHER FUND PERFORMANCE

**SEC STANDARDIZED AVERAGE ANNUAL TOTAL RETURNS
MFS CAPITAL OPPORTUNITIES FUND**

**(FOR THE PERIODS ENDED
DECEMBER 31, 2000)**

	1 YEAR	5 YEARS	SINCE INCEPTION
Class A(1)	- 5.30%	21.28%	15.53%
S&P 500(2)	- 9.11%	18.33%	15.98%

- (1) The MFS Capital Opportunities Fund commenced investment operations on June 13, 1983. Performance results include any applicable expense subsidies and waivers, which may cause results to be more favorable.
- (2) The Standard & Poor's 500 Composite Stock Price Index is an unmanaged index of common stocks frequently used as a general measure of U.S. stock market performance.

SP MFS Mid-Cap Growth Portfolio

The Portfolio is managed by Mark Regan, a Senior Vice President of MFS, who has been employed in the investment management area of MFS since 1989 and David E. Sette-Ducati, a Vice President of MFS, has been employed in the investment management area of MFS since 1995.

MFS and its predecessor organizations have a history of money management dating from 1924. MFS is an indirect wholly-owned subsidiary of Sun Life Assurance Company of Canada.

We set out below performance information for **MFS Mid-Cap Growth Fund**, which is a mutual fund managed by MFS, according to investment objectives and practices that are substantially similar to those governing the SP MFS Mid-Cap Growth Portfolio. MFS Mid-Cap Growth Fund and SP MFS Mid-Cap Growth Portfolio are separate funds with different expense structures and portfolio holdings and different purchase and redemption patterns, and the past performance of MFS Mid-Cap Growth Fund is not indicative of the future performance of SP MFS Mid-Cap Growth Portfolio. If material differences between the investment styles of MFS Mid-Cap Growth Fund and SP MFS Mid-Cap Growth Portfolio should develop in the future, we will disclose such differences. PIFM monitors the performance of SP MFS Mid-Cap Growth Portfolio, but not MFS Mid-Cap Growth Fund. In general, Portfolio returns are reduced by expenses under your variable insurance contract.

OTHER FUND PERFORMANCE**SEC STANDARDIZED AVERAGE ANNUAL TOTAL RETURNS
MFS MID-CAP GROWTH FUND****(FOR THE PERIODS ENDED
DECEMBER 31, 2000)**

	1 YEAR	5 YEARS	SINCE INCEPTION
Class A(1)	7.76%	25.29%	22.18%
Russell Mid-Cap Growth Index(2)	- 11.75 %	17.77 %	17.26%

- (1) The MFS Mid-Cap Growth Fund commenced investment operations on December 1, 1993 with the offering of Class A shares and Class B shares. Performance results include any applicable expense subsidies and waivers, which may cause the results to be more favorable.
- (2) The Russell Mid-Cap Growth Index is an unmanaged index which measures the stock price performance of the 800 smallest companies in the Russell 1000 Index.

SP PIMCO Total Return Portfolio

The Portfolio is managed by a portfolio management team led by William H. Gross, Managing Director, Chief Investment Officer and a founding partner of PIMCO. The portfolio management team develops and implements strategy for the Portfolio.

We set out below performance information for **PIMCO Total Return Fund**, which is a mutual fund managed by PIMCO, according to investment objectives and practices that are substantially similar to those governing the SP PIMCO Total Return Portfolio. PIMCO Total Return Fund and SP PIMCO Total Return Portfolio are separate funds with different expense structures and portfolio holdings and different purchase and redemption patterns, and the past performance of PIMCO Total Return Fund is not indicative of the future performance of SP PIMCO Total Return Portfolio. If material differences between the investment styles of PIMCO Total Return Fund and SP PIMCO Total Return Portfolio should develop in the future, we will disclose such differences. PIMCO monitors the performance of SP PIMCO Total Return Portfolio, but not PIMCO Total Return Fund. In general, Portfolio returns are reduced by expenses under your variable insurance contract. Expenses of the SP PIMCO Total Return Portfolio are higher than the expenses of the PIMCO Total Return Fund. Higher expenses are a factor in reducing investment performance.

OTHER FUND PERFORMANCE**SEC STANDARDIZED AVERAGE ANNUAL TOTAL RETURNS (FOR PERIODS ENDED 12/31/00)
PIMCO TOTAL RETURN FUND**

	1 YEAR	5 YEARS	10 YEARS
Administrative Class	11.81%	6.94%	8.95%
Lehman Aggregate Bond Index(1)	11.63%	6.46%	7.96%
Lipper Intermediate Investment Grade Debt Portfolio Avg.(2)	9.78%	5.48%	7.58%

- (1) The Lehman Brothers Aggregate Bond Index is an unmanaged index of investment grade U.S. dollar-denominated fixed income securities of domestic issuers having a maturity greater than one year. It is not possible to invest directly in the index.
- (2) The Lipper Intermediate Investment Grade Debt Portfolio Average is a total return performance average of Funds tracked by Lipper Analytical Services, Inc. that invest at least 65% of their assets in investment-grade debt issues (rated in the top four grades) with dollar weighted average maturities of five to ten years. It does not take into account sales charges.

SP Prudential U.S. Emerging Growth Portfolio

Susan Hirsch has managed the retail fund counterpart of this Portfolio since it began. Ms. Hirsch joined Prudential Investments in July 1996, and is now employed by Jennison Associates LLC. Before that she was employed by Lehman Brothers Global Asset Management from 1988 to 1996 and Delphi Asset Management in 1996. She managed growth stock portfolios at both firms. Ms. Hirsch holds a B.S. from Brooklyn College and is a member of the Financial Analysts Federation and the New York Society of Security Analysts.

We set out below performance information for **Prudential U.S. Emerging Growth Fund**, which is a mutual fund managed by PIFM, according to investment objectives and practices that are substantially similar to those governing the SP Prudential U.S. Emerging Growth Portfolio. Prudential U.S. Emerging Growth Fund and SP Prudential U.S. Emerging Growth Portfolio are separate funds with different expense structures and portfolio holdings and different purchase and redemption patterns, and the past performance of Prudential U.S. Emerging Growth Fund is not indicative of the future performance of SP Prudential U.S. Emerging Growth Portfolio. If material differences between the investment styles of Prudential U.S. Emerging Growth Fund and SP Prudential U.S. Emerging Growth Portfolio should develop in the future, we will disclose such differences. In general, Portfolio returns are reduced by expenses under your variable insurance contract.

OTHER FUND PERFORMANCE

SEC STANDARDIZED AVERAGE ANNUAL RETURNS (1) (AS OF 12-31-00) PRUDENTIAL U.S. EMERGING GROWTH FUND

	1 YEAR	SINCE INCEPTION (12-31-96)
Class A shares	-17.82%	24.02%
S&P 400 Mid-Cap Index (2)	17.50%	20.72%
Lipper Average (3)	-10.01%	17.72%

- (1) The Fund's returns are after deduction of sales charges and expenses. Without the distribution and service (12b-1) fee waiver for Class A shares, the returns would have been lower.
- (2) The Standard & Poor's Mid-Cap 400 Composite Stock Price Index (S&P 400 Mid-Cap Index) — an unmanaged index of 400 domestic stocks chosen for market size, liquidity and industry group representation — gives a broad look at how mid-cap stock prices have performed. These returns do not include the effect of any sales charges or operating expenses of a mutual fund portfolio. These returns would be lower if they included the effect of sales charges and operating expenses. The securities in the S&P 400 Mid-Cap Index may be very different from those in the Portfolio. Source: Lipper Inc.
- (3) The Lipper Average is based on the average return of all mutual funds in the Lipper Mid-Cap Growth Fund category and does not include the effect of any sales charges. Again, these returns would be lower if they included the effect of sales charges. Source: Lipper Inc.

SP Strategic Partners Focused Growth Portfolio

Alfred Harrison is portfolio manager for the portion of the Portfolio's assets advised by Alliance. Mr. Harrison joined Alliance in 1978 and is manager of the firm's Minneapolis office. He is Vice Chairman of Alliance Capital Management Corporation.

Spiros Segalas and Kathleen McCarragher are co-portfolio managers for the portion of the Portfolio's assets advised by Jennison. (See descriptions above, under "Diversified Conservative Growth Portfolio").

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 Contracts. Class II is offered only to separate accounts of non-Prudential insurance companies as investment options under certain of their Contracts. Please refer to the accompanying Contract prospectus to see which Portfolios are available through your Contract.

The Fund sells its shares to separate accounts issuing variable annuity contracts and variable life insurance policies. To the extent dictated by its agreement with a separate account, the Fund will cooperate with the separate account in monitoring for transactions that are indicative of market timing. In addition, to the extent permitted by applicable laws and agreements, the Fund may cease selling its shares to a separate account to prevent market timing transactions.

The way to invest in the Portfolios is through certain variable life insurance and variable annuity contracts. Together with this prospectus, you should have received a prospectus for such a Contract. You should refer to that prospectus for further information on investing in the Portfolios.

Both Class I and Class II shares of a Portfolio are sold without any sales charge at the net asset value of the Portfolio. Class II shares, however, are subject to an annual distribution or "12b-1" fee of 0.25% and 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 is closed (other than weekends or holidays), when trading on the New York Stock Exchange is restricted, or as permitted by the SEC.

Net Asset Value

Any purchase or sale of Portfolio shares is made at the net asset value, or NAV, of such shares. The price at which a purchase or redemption is made is based on the next calculation of the NAV after the order is received in good order. The NAV of each share class of each Portfolio is determined on each day the New York Stock Exchange 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 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 are generally valued at the last sale price on an exchange or NASDAQ, or if there is not a sale on that day, at the mean between the most recent bid and asked prices on that day. If there is no asked price, the security will be valued at the bid price. Equity securities that are not sold on an exchange or NASDAQ are generally valued by an independent pricing agent or principal market maker.

A Portfolio may own securities that are primarily listed on foreign exchanges that trade on weekends or other days when the Portfolios do not price their shares. Therefore, the value of a Portfolio's assets may change on days when shareholders cannot purchase or redeem Portfolio shares.

All Short-term Debt Securities held by the Money Market Portfolio are valued at amortized cost. The amortized cost valuation method is widely used by mutual funds. It means that the security is valued initially at its purchase price and then decreases in value by equal amounts each day until the security matures. It almost always results in a value that is extremely close to the actual market value. The Fund's Board of Directors has established procedures to monitor whether any material deviation between valuation and market value occurs and if so, will promptly consider what action, if any, should be taken to prevent unfair results to Contract owners.

For each Portfolio other than the Money Market Portfolio, short-term debt securities, including bonds, notes, debentures and other debt securities, and money market instruments such as certificates of deposit, commercial paper, bankers' acceptances and obligations of domestic and foreign banks, with remaining maturities of more than 60 days, for which market quotations are readily available, are valued by an independent pricing agent or principal market maker (if available, otherwise a primary market dealer).

Short-term Debt Securities with remaining maturities of 60 days or less are valued at cost with interest accrued or discount amortized to the date of maturity, unless such valuation, in the judgment of Prudential or a sub-adviser, 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 PIFM or a sub-adviser 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 sub-adviser 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.

Securities for which no market quotations are available will be valued at fair value by PIFM under the direction of the Fund's Board of Directors.

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 of 1940 covering Class II shares. Under that plan, Class II of each Portfolio pays to 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 on-going 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. 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.

European Monetary Union

On January 1, 1999, 11 of the 15 member states of the European Monetary Union introduced the "euro" as a common currency. During a three-year transitional period, the euro will coexist with each participating state's currency and, on

July 1, 2002, the euro is expected to become the sole currency of the participating states. During the transition period, the Fund will treat the euro as a separate currency from that of any participating state. The conversion may adversely affect the Fund if the euro does not take effect as planned; if a participating state withdraws from the European Monetary Union; or if the computing, accounting and trading systems used by the Fund's service providers, or by entities with which the Fund or its service providers do business, are not capable of recognizing the euro as a distinct currency at the time of, and following, euro conversion. In addition, the conversion could cause markets to become more volatile.

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.

Contract described herein is no longer available for sale.

Financial Highlights

The financial highlights which follow will help you evaluate the financial performance of each Portfolio available under your Contract. The **total return** in each chart represents the rate that a shareholder earned on an investment in that share class of the Portfolio, assuming reinvestment of all dividends and other distributions. The charts do not reflect any charges under any variable contract. The information is for Class I for the periods indicated, unless otherwise indicated.

The information has been audited by **PricewaterhouseCoopers LLP**, whose unqualified report, along with the financial statements, appears in the annual report, which is available upon request.

Contract described herein is no longer available for sale.

Financial Highlights

	Diversified Bond Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 10.95	\$ 11.06	\$ 11.02	\$11.07	\$11.31
Income From Investment Operations:					
Net investment income	0.77	0.67	0.69	0.80	0.76
Net realized and unrealized gains on investments	0.26	(0.75)	0.08	0.11	(0.27)
Total from investment operations	1.03	(0.08)	0.77	0.91	0.49
Less Distributions:					
Dividends from net investment income	(0.70)	—	(0.69)	(0.83)	(0.73)
Distributions from net realized gains	—(b)	(0.03)	(0.04)	(0.13)	—
Total distributions	(0.70)	(0.03)	(0.73)	(0.96)	(0.73)
Net Asset Value, end of year	\$ 11.28	\$ 10.95	\$ 11.06	\$11.02	\$11.07
Total Investment Return(a)	9.72%	(0.74)%	7.15%	8.57%	4.40%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$1,269.8	\$1,253.8	\$1,122.6	\$816.7	\$720.2
Ratios to average net assets:					
Expenses	0.45%	0.43%	0.42%	0.43%	0.45%
Net investment income	6.83%	6.25%	6.40%	7.18%	6.89%
Portfolio turnover rate	139%	171%	199%	224%	210%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

(b) Less than \$0.002 per share.

	Diversified Conservative Growth Portfolio	
	Year Ended December 31, 2000	May 3, 1999(a) through December 31, 1999
Per Share Operating Performance:		
Net Asset Value, beginning of period	\$10.37	\$10.00
Income From Investment Operations:		
Net investment income	0.46	0.22
Net realized and unrealized gains (losses) on investments	(0.09)	0.39
Total from investment operations	0.37	0.61
Less Distributions:		
Dividends from net investment income	(0.46)	(0.22)
Distributions in excess of net investment income	(0.01)	(0.02)
Distributions from net realized gains	(0.09)	—
Distributions in excess of net realized gains	(0.02)	—
Total Distributions	(0.58)	(0.24)
Net Asset Value, end of period	\$10.16	\$10.37
Total Investment Return(b)	3.79%	6.10%
Ratio/Supplemental Data:		
Net assets, end of period (in millions)	\$204.8	\$115.8
Ratios to average net assets:		
Expenses	0.93%	1.05%(c)
Net investment income	4.71%	3.74%(c)
Portfolio turnover rate	319%	107%(d)

(a) Commencement of investment operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Not annualized.

Financial Highlights

PART III
VARIABLE INVESTMENT OPTIONS - PROSPECTUSES

	Equity Portfolio						
	Class I					Class II	
	Year Ended December 31,					Year Ended December 31,	May 3, 1999(c) through December 31, 1999
	2000	1999	1998	1997	1996	2000	1999
Per Share Operating Performance:							
Net Asset Value, beginning of period	\$ 28.90	\$ 29.64	\$ 31.07	\$ 26.96	\$ 25.64	\$28.92	\$32.79
Income from Investment Operations:							
Net investment income	0.51	0.54	0.60	0.69	0.71	0.39	0.28
Net realized and unrealized gains (losses) on investments	0.26	3.02	2.21	5.88	3.88	0.26	(0.60)
Total from investment operations	0.77	3.56	2.81	6.57	4.59	0.65	(0.32)
Less Distributions:							
Dividends from net investment income	(0.51)	(0.53)	(0.60)	(0.70)	(0.67)	(0.40)	(0.34)
Distributions in excess of net investment income	(0.02)	—	—	—	—	(0.02)	—
Distributions from net realized gains	(4.64)	(3.77)	(3.64)	(1.76)	(2.60)	(4.64)	(3.21)
Total distributions	(5.17)	(4.30)	(4.24)	(2.46)	(3.27)	(5.06)	(3.55)
Net Asset Value, end of period	\$ 24.50	\$ 28.90	\$ 29.64	\$ 31.07	\$ 26.96	\$24.51	\$28.92
Total Investment Return(a)	3.28%	12.49%	9.34%	24.66%	18.52%	2.83%	(0.68)%
Ratios/Supplemental Data:							
Net assets, end of period (in millions)	\$5,652.7	\$6,235.0	\$6,247.0	\$6,024.0	\$4,814.0	\$ 1.8	\$ 0.3
Ratios to average net assets:							
Expenses	0.49%	0.47%	0.47%	0.46%	0.50%	0.91%	0.87%(b)
Net investment income	1.75%	1.72%	1.81%	2.27%	2.54%	1.26%	1.33%(b)
Portfolio turnover rate	78%	9%	25%	13%	20%	78%	9%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(b) Annualized.

(c) Commencement of offering of Class II shares.

	Global Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 30.98	\$ 21.16	\$17.92	\$17.85	\$15.53
Income from Investment Operations:					
Net investment income	0.07	0.06	0.07	0.09	0.11
Net realized and unrealized gains (losses) on investments	(5.30)	10.04	4.38	1.11	2.94
Total from investment operations	(5.23)	10.10	4.45	1.20	3.05
Less Distributions:					
Dividends from net investment income	(0.07)	—	(0.16)	(0.13)	(0.11)
Distributions in excess of net investment income	(0.13)	(0.10)	(0.12)	(0.10)	—
Distributions from net realized gains	(1.94)	(0.18)	(0.93)	(0.90)	(0.62)
Total distributions	(2.14)	(0.28)	(1.21)	(1.13)	(0.73)
Net Asset Value, end of year	\$ 23.61	\$ 30.98	\$21.16	\$17.92	\$17.85
Total Investment Return(a)	(17.68)%	48.27%	25.08%	6.98%	19.97%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$1,182.1	\$1,298.3	\$844.5	\$638.4	\$580.6
Ratios to average net assets:					
Expenses	0.85%	0.84%	0.86%	0.85%	0.92%
Net investment income	0.25%	0.21%	0.29%	0.47%	0.64%
Portfolio turnover rate	95%	76%	73%	70%	41%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

Financial Highlights

	High Yield Bond Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 7.52	\$ 7.21	\$ 8.14	\$ 7.87	\$ 7.80
Income From Investment Operations:					
Net investment income	0.74	0.79	0.77	0.78	0.80
Net realized and unrealized gains (losses) on investments	(1.30)	(0.46)	(0.94)	0.26	0.06
Total from investment operations	(0.56)	0.33	(0.17)	1.04	0.86
Less Distributions:					
Dividends from net investment income	(0.82)	(0.02)	(0.76)	(0.77)	(0.78)
Distributions in excess of net investment income	—	—	—	—	(0.01)
Total distributions	(0.82)	(0.02)	(0.76)	(0.77)	(0.79)
Net Asset Value, end of year	\$ 6.14	\$ 7.52	\$ 7.21	\$ 8.14	\$ 7.87
Total Investment Return(a)	(7.91)%	4.61%	(2.36)%	13.78%	11.39%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$661.3	\$802.2	\$789.3	\$568.7	\$432.9
Ratios to average net assets:					
Expenses	0.60%	0.60%	0.58%	0.57%	0.63%
Net investment income	10.47%	10.48%	10.31%	9.78%	9.89%
Portfolio turnover rate	76%	58%	63%	106%	88%

(a) Total investment return is calculated assuming a purchase on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

	Money Market Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 10.00	\$ 10.00	\$10.00	\$10.00	\$10.00
Income From Investment Operations:					
Net investment income and realized and unrealized gains	0.60	0.49	0.52	0.54	0.51
Dividend and distributions	(0.60)	(0.49)	(0.52)	(0.54)	(0.51)
Net Asset Value, end of year	\$ 10.00	\$ 10.00	\$10.00	\$10.00	\$10.00
Total Investment Return(a)	6.20%	4.97%	5.39%	5.41%	5.22%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$1,238.2	\$1,335.5	\$920.2	\$657.5	\$668.8
Ratios to average net assets:					
Expenses	0.44%	0.42%	0.41%	0.43%	0.44%
Net investment income	6.03%	4.90%	5.20%	5.28%	5.10%

(a) Total investment return is calculated assuming a purchase on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

Financial Highlights

PART III
VARIABLE INVESTMENT OPTIONS - PROSPECTUSES

	Prudential Jennison Portfolio					February 10, 2000(a) through December 31, 2000
	Class I					
	Year Ended December 31,					
	2000	1999	1998	1997	1996	
Per Share Operating Performance:						
Net Asset Value, beginning of period	\$ 32.39	\$ 23.91	\$ 17.73	\$14.32	\$12.55	\$34.25
Income From Investment Operations:						
Net investment income (loss)	0.01	0.05	0.04	0.04	0.02	(0.03)
Net realized and unrealized gains (losses) on investments	(5.61)	9.88	6.56	4.48	1.78	(7.54)
Total from investment operations	(5.60)	9.93	6.60	4.52	1.80	(7.57)
Less Distributions:						
Dividends from net investment income	—(d)	(0.05)	(0.04)	(0.04)	(0.03)	—(d)
Dividends in excess of net investment income	—(d)	—	—	—	—	—(d)
Distributions from net realized gains	(3.82)	(1.40)	(0.38)	(1.07)	—	(3.80)
Total distributions	(3.82)	(1.45)	(0.42)	(1.11)	(0.03)	(3.80)
Net Asset Value, end of period	\$ 22.97	\$ 32.39	\$ 23.91	\$17.73	\$14.32	\$22.88
Total Investment Return(b)	(17.38)%	41.76%	37.46%	31.71%	14.41%	(22.19)%
Ratios/Supplemental Data:						
Net assets, end of period (in millions)	\$2,892.7	\$2,770.7	\$1,198.7	\$495.9	\$226.5	\$ 13.3
Ratios to average net assets:						
Expenses	0.64%	0.63%	0.63%	0.64%	0.66%	1.04%(c)
Net investment income	0.02%	0.17%	0.20%	0.25%	0.20%	(0.39)% (c)
Portfolio turnover rate	89%	58%	54%	60%	46%	89%

(a) Commencement of offering of Class II shares.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investments returns for less than a full year are not annualized.

(c) Annualized.

(d) Less than \$0.01 per share.

	Small Capitalization Stock Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$16.25	\$14.71	\$15.93	\$13.79	\$11.83
Income From Investment Operations:					
Net investment income	0.07	0.10	0.09	0.10	0.09
Net realized and unrealized gains (losses) on investments	1.81	1.71	(0.25)	3.32	2.23
Total from investment operations	1.88	1.81	(0.16)	3.42	2.32
Less Distributions:					
Dividends from net investment income	(0.08)	—	(0.09)	(0.10)	(0.09)
Distributions from net realized gains	(0.94)	(0.27)	(0.97)	(1.18)	(0.27)
Total distributions	(1.02)	(0.27)	(1.06)	(1.28)	(0.36)
Net Asset Value, end of year	\$17.11	\$16.25	\$14.71	\$15.93	\$13.79
Total Investment Return(a)	12.81%	12.68%	(0.76)%	25.17%	19.77%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$568.3	\$437.5	\$360.4	\$290.3	\$147.9
Ratios to average net assets:					
Expenses	0.48%	0.45%	0.47%	0.50%	0.56%
Net investment income	0.59%	0.70%	0.57%	0.69%	0.87%
Portfolio turnover rate	45%	31%	26%	31%	13%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

Financial Highlights

	Stock Index Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 44.45	\$ 37.74	\$ 30.22	\$ 23.74	\$ 19.96
Income from Investment Operations:					
Net investment income	0.36	0.44	0.42	0.43	0.40
Net realized and unrealized gains (losses) on investments	(4.37)	7.23	8.11	7.34	4.06
Total from investment operations	(4.01)	7.67	8.53	7.77	4.46
Less Distributions:					
Dividends from net investment income	(0.37)	(0.43)	(0.42)	(0.42)	(0.40)
Distributions from net realized gains	(1.41)	(0.53)	(0.59)	(0.87)	(0.28)
Total distributions	(1.78)	(0.96)	(1.01)	(1.29)	(0.68)
Net Asset Value, end of year	\$ 38.66	\$ 44.45	\$ 37.74	\$ 30.22	\$ 23.74
Total Investment Return(a)	(9.03)%	20.54%	28.42%	32.83%	22.57%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$4,186.0	\$4,655.0	\$3,548.1	\$2,448.2	\$1,581.4
Ratios to average net assets:					
Expenses	0.39%	0.39%	0.37%	0.37%	0.40%
Net investment income	0.83%	1.09%	1.25%	1.55%	1.95%
Portfolio turnover rate	7%	2%	3%	5%	1%

(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.

	20/20 Focus Portfolio		
	Class I	Class II	
	Year Ended December 31, 2000	May 3, 1999(a) through December 31, 1999	February 15, 2000(b) through December 31, 2000
Per Share Operating Performance:			
Net Asset Value, beginning of period	\$11.88	\$10.00	\$11.36
Income From Investment Operations:			
Net investment income	0.05	0.02	0.01
Net realized and unrealized gains (losses) on investments	(0.71)	1.88	(0.19)
Total from investment operations	(0.66)	1.90	(0.18)
Less Distributions:			
Dividends from net investment income	(0.05)	(0.02)	(0.01)
Distributions from net realized gains	(0.18)	—(e)	(0.18)
Total distributions	(0.23)	(0.02)	(0.19)
Net Asset Value, end of period	\$10.99	\$11.88	\$10.99
Total Investment Return(c)	(5.41)%	18.95%	(1.53)%
Ratios/Supplemental Data:			
Net assets, end of period (in millions)	\$ 95.8	\$ 65.0	\$ 0.7
Ratios to average net assets:			
Expenses	0.88%	1.09%(d)	1.28%(d)
Net investment income	0.45%	0.33%(d)	0.10%(d)
Portfolio turnover rate	163%	64%(f)	163%

(a) Commencement of offering of Class I shares.

(b) Commencement of offering of Class II shares.

(c) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investments returns for less than a full year are not annualized.

(d) Annualized.

(e) Less than \$0.005 per share.

(f) Not annualized.

Financial Highlights

PART III

VARIABLE INVESTMENT OPTIONS - PROSPECTUSES

	Value Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$ 19.52	\$ 20.03	\$ 22.39	\$ 18.51	\$ 16.27
Income from Investment Operations:					
Net investment income	0.46	0.51	0.56	0.61	0.58
Net realized and unrealized gains (losses) on investments	2.45	1.89	(1.03)	6.06	2.88
Total from investment operations	2.91	2.40	(0.47)	6.67	3.46
Less Distributions:					
Dividends from net investment income	(0.44)	(0.50)	(0.59)	(0.57)	(0.71)
Distributions from net realized gains	(1.53)	(2.41)	(1.30)	(2.22)	(0.51)
Total distributions	(1.97)	(2.91)	(1.89)	(2.79)	(1.22)
Net Asset Value, end of year	\$ 20.46	\$ 19.52	\$ 20.03	\$ 22.39	\$ 18.51
Total Investment Return(a)	15.59%	12.52%	(2.38)%	36.61%	21.74%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$1,975.3	\$2,024.0	\$2,142.3	\$2,029.8	\$1,363.5
Ratios to average net assets:					
Expenses	0.45%	0.42%	0.42%	0.41%	0.45%
Net investment income	2.31%	2.34%	2.54%	2.90%	3.36%
Portfolio turnover rate	85%	16%	20%	38%	21%

(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.

	Zero Coupon Bond 2005 Portfolio				
	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per Share Operating Performance:					
Net Asset Value, beginning of year	\$12.68	\$13.44	\$12.60	\$12.25	\$13.19
Income From Investment Operations:					
Net investment income	0.65	0.67	0.66	0.68	0.66
Net realized and unrealized gains (losses) on investments	1.02	(1.43)	0.87	0.66	(0.82)
Total from investment operations	1.67	(0.76)	1.53	1.34	(0.16)
Less Distributions:					
Dividends from net investment income	(0.67)	—	(0.67)	(0.71)	(0.64)
Distributions from net realized gains	(0.30)	—	(0.02)	(0.28)	(0.14)
Total distributions	(0.97)	—	(0.69)	(0.99)	(0.78)
Net Asset Value, end of year	\$13.38	\$12.68	\$13.44	\$12.60	\$12.25
Total Investment Return(a)	13.76%	(5.66)%	12.35%	11.18%	(1.01)%
Ratios/Supplemental Data:					
Net assets, end of year (in millions)	\$ 49.8	\$ 45.4	\$ 45.5	\$ 30.8	\$ 25.8
Ratios to average net assets:					
Expenses	0.65%	0.59%	0.61%	0.74%	0.53%
Net investment income	5.26%	5.31%	5.35%	5.71%	5.42%
Portfolio turnover rate	67%	15%	—%	35%	10%

(a) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each year reported and includes reinvestment of dividends and distributions.

Financial Highlights

**SP Aggressive Growth Asset
Allocation Portfolio**
September 22, 2000(a)
through
December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income from Investment Operations:

Net investment income 0.01

Net realized and unrealized loss on investments (0.67)

Total from investment operations (0.66)

Less Distributions:

Dividends from net investment income (0.01)

Net Asset Value, end of period \$ 9.33

Total Investment Return(b) (6.65)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 2.1

Ratios to average net assets:(c)

Expenses 0.05%

Net investment income 0.36%

Portfolio turnover rate(d) 6%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Not annualized.

SP Alliance Technology Portfolio
September 22, 2000(a)
through
December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of year \$ 10.00

Income from Investment Operations:

Net investment income 0.01

Net realized and unrealized loss on investments (2.38)

Total from investment operations (2.37)

Less Distributions:

Dividends from net investment income (0.01)

Distributions in excess of net investment income(f) —

Total distributions (0.01)

Net Asset Value, end of year \$ 7.62

Total Investment Return(b) (23.71)%

Ratios/Supplemental Data:

Net assets, end of year (in millions) \$ 6.1

Ratios to average net assets:(c)(d)

Expenses 1.30%

Net investment income 0.37%

Portfolio turnover rate(e) 23%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 4.66% and (2.99)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

(f) Less than \$0.005 per share.

Financial Highlights

SP Balanced Asset Allocation Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income from Investment Operations:

Net investment income 0.06

Net realized and unrealized loss on investments (.20)

Total from investment operations (.14)

Less Distributions:

Dividends from net investment income (0.06)

Net Asset Value, end of period \$ 9.80

Total Investment Return(b) (1.42%)

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 3.7

Ratios to average net assets:(c)

Expenses 0.05%

Net investment income 4.89%

Portfolio turnover rate(d) 4%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Not annualized.

SP Conservative Asset Allocation Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income From Investment Operations:

Net investment income 0.08

Net realized and unrealized gain on investments(c) —

Total from investment operations 0.08

Less Distributions:

Dividends from net investment income (0.08)

Distributions from net realized gains(c) —

Total distributions (0.08)

Net Asset Value, end of period \$10.00

Total Investment Return(b) 0.84%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 1.9

Ratios to average net assets:(d)

Expenses 0.05%

Net investment income 8.07%

Portfolio turnover rate(e) 4%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Less than \$0.005 per share.

(d) Annualized.

(e) Not annualized.

Financial Highlights

SP Davis Value Portfolio
September 22, 2000(a)
through
December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income from Investment Operations:

Net investment income 0.02

Net realized and unrealized gain on investments 0.15

Total from investment operations 0.17

Less Distributions:

Dividends from net investment income (0.02)

Net Asset Value, end of period \$10.15

Total Investment Return(b) 1.69%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 12.8

Ratios to average net assets:(c)(d)

Expenses 0.83%

Net investment income 1.48%

Portfolio turnover rate(e) 3%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 3.16% and (0.85)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

SP Growth Asset Allocation Portfolio

September 22, 2000(a)
through
December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income from Investment Operations:

Net investment income 0.03

Net realized and unrealized loss on investments (0.49)

Total from investment operations (0.46)

Less Distributions:

Dividends from net investment income (0.02)

Net Asset Value, end of period \$ 9.52

Total Investment Return(b) (4.56)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 3.9

Ratios to average net assets:(c)

Expenses 0.05%

Net investment income 2.95%

Portfolio turnover rate(d) 39%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Not annualized.

Financial Highlights

SP Invesco Small Company Growth Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$ 10.00

Income From Investment Operations:

Net investment loss —

Net realized and unrealized loss on investments (1.62)

Total from investment operations (1.62)

Net Asset Value, end of period \$ 8.38

Total Investment Return(b) (16.20)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 5.5

Ratios to average net assets:(c)(d)

Expenses 1.15%

Net investment income (0.10)%

Portfolio turnover rate(e) 29%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 4.00% and (2.95)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

SP Jennison International Growth Portfolio

	Class I	Class II
	September 22, 2000(a) through December 31, 2000	October 4, 2000(b) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$ 10.00 \$ 9.79

Income from Investment Operations:

Net investment income (loss) 0.01 —(g)

Net realized and unrealized loss on investments (1.51) (1.31)

Total from investment operations (1.50) (1.31)

Net Asset Value, end of period \$ 8.50 \$ 8.48

Total Investment Return(c) (15.00)% (13.28)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 7.6 \$ 2.7

Ratios to average net assets:(d)(f)

Expenses 1.24% 1.64%

Net investment income 0.51% (0.00)%

Portfolio turnover rate(e) 12% 12%

(a) Commencement of offering of Class I Shares.

(b) Commencement of offering of Class II Shares.

(c) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(d) Annualized.

(e) Not annualized.

(f) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 3.44% and (1.69)%, respectively, for Class I and 3.84% and (2.20)%, respectively, for Class II for the period ended December 31, 2000.

(g) Less than \$0.005 per share.

Financial Highlights

SP Large Cap Value Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income from Investment Operations:

Net investment income 0.04

Net realized and unrealized gain on investments 0.44

Total from investment operations 0.48

Less Distributions:

Dividends from net investment income (0.04)

Dividends in excess of net investment income —(e)

Total distributions (0.04)

Net Asset Value, end of period \$10.44

Total Investment Return(b) 4.82%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 3.9

Ratios to average net assets:(c)(d)

Expenses 0.90%

Net investment income 1.60%

Portfolio turnover rate(f) 13%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 5.47% and (2.97)%, respectively, for the period ended December 31, 2000.

(e) Less than \$0.005 per share.

(f) Not annualized.

SP MFS Capital Opportunities Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income From Investment Operations:

Net investment income 0.01

Net realized and unrealized loss on investments (0.85)

Total from investment operations (0.84)

Less Distributions:

Dividends from net investment income (0.01)

Net Asset Value, end of period \$ 9.15

Total Investment Return(b) (8.39)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 4.3

Ratios to average net assets:(c)(d)

Expenses 1.00%

Net investment income 0.40%

Portfolio turnover rate(e) 25%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 5.48% and (4.08)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

Financial Highlights

SP MFS Mid-Cap Growth Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income from Investment Operations:

Net investment income 0.02

Net realized and unrealized loss on investments (0.25)

Total from investment operations (0.23)

Less Distributions:

Dividends from net investment income (0.02)

Distributions from net realized gains (0.06)

Total distributions (0.08)

Net Asset Value, end of period \$ 9.69

Total Investment Return(b) (2.26)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 5.6

Ratios to average net assets:(c)(d)

Expenses 1.00%

Net investment income 1.16%

Portfolio turnover rate(e) 27%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 4.59% and (2.43)%, respectively, for the period ended December 31, 2000.

(e) Not annualized.

SP Pimco Total Return Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period \$10.00

Income From Investment Operations:

Net investment income 0.13

Net realized and unrealized gain on investments 0.39

Total from investment operations 0.52

Less Distributions:

Dividends from net investment income (0.11)

Distributions from net realized gains (0.01)

Total distributions (0.12)

Net Asset Value, end of period \$10.40

Total Investment Return(b) 5.18%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 10.7

Ratios to average net assets(c)(e):

Expenses 0.76%

Net investment income 5.94%

Portfolio turnover rate(d) 239%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Not annualized.

(e) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 2.73% and 3.97%, respectively, for the period ended December 31, 2000.

Financial Highlights

SP Prudential U.S. Emerging Growth Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period	\$ 10.00
Income from Investment Operations:	
Net investment income	0.01
Net realized and unrealized loss on investments	(1.62)
Total from investment operations	(1.61)

Less Distributions:

Dividends from net investment income	(0.01)
Total distributions	(0.01)
Net Asset Value, end of period	\$ 8.38
Total Investment Return(b)	(16.11)%

Ratios/Supplemental Data:

Net assets, end of period (in millions)	\$ 6.4
Ratios to average net assets:(c)(e)	
Expenses	0.90%
Net investment income	0.49%
Portfolio turnover rate(d)	82%

(a) Commencement of operations.

(b) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(c) Annualized.

(d) Not annualized.

(e) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 4.26% and (2.87)%, respectively, for the period ended December 31, 2000.

SP Small/Mid Cap Value Portfolio September 22, 2000(a) through December 31, 2000

Per Share Operating Performance:

Net Asset Value, beginning of period	\$10.00
Income From Investment Operations:	
Net investment income	0.03
Net realized and unrealized gain on investments	1.10
Total from investment operations	1.13

Less Distributions:

Dividends from net investment income(b)	—
Total distributions	—
Net Asset Value, end of period	\$11.13
Total Investment Return(c)	11.33%

Ratios/Supplemental Data:

Net assets, end of period (in millions)	\$ 6.1
Ratios to average net assets:(d)(e)	
Expenses	1.05%
Net investment income	1.79%
Portfolio turnover rate(f)	18%

(a) Commencement of operations.

(b) Less than \$0.005 per share.

(c) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(d) Annualized.

(e) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 4.84% and (2.00)%, respectively, for the period ended December 31, 2000.

(f) Not annualized.

Financial Highlights

SP Strategic Partners Focused Growth Portfolio
September 22, 2000(a)
through
December 31, 2000

PART III
 VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

Per Share Operating Performance:

Net Asset Value, beginning of period \$ 10.00

Income from Investment Operations:

Net investment income(b) —

Net realized and unrealized loss on investments (2.06)

Total from investment operations (2.06)

Less Distributions:

Dividends from net investment income(b) —

Net Asset Value, end of period \$ 7.94

Total Investment Return(c) (20.47)%

Ratios/Supplemental Data:

Net assets, end of period (in millions) \$ 5.9

Ratios to average net assets:(d)(e)

Expenses 1.01%

Net investment income 0.18%

Portfolio turnover rate(f) 37%

(a) Commencement of operations.

(b) Less than \$0.005 per share.

(c) Total investment return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total investment returns for less than a full year are not annualized.

(d) Annualized.

(e) Net of expense subsidy. If the investment adviser had not subsidized expenses, the annualized expense and net investment income ratios would have been 3.88% and (2.69%), respectively, for the period ended December 31, 2000.

(f) Not annualized.

Contract described herein is no longer available for sale.

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Contract described herein is no longer available for sale.

For more information

Additional information about the Fund and each Portfolio can be obtained upon request without charge and can be found in the following documents:

Statement of Additional Information (SAI)

(incorporated by reference into this prospectus)

Annual Report

(including a discussion of market conditions and strategies that significantly affected the Portfolios' performance during the previous year)

Semi-Annual Report

To obtain these documents or to ask any questions about the Fund:

Call toll-free **(800) 778-2255**

Write to The Prudential Series Fund, Inc., **751 Broad Street, Newark, NJ 07102-3777**

You can also obtain copies of Fund documents from the Securities and Exchange Commission as follows:

By Mail:

Securities and Exchange Commission
Public Reference Section
Washington, DC 20549-0102

By Electronic Request:

publicinfo@sec.gov

(The SEC charges a fee to copy documents.)

In Person:

Public Reference Room
in Washington, DC
(For hours of operation, call 1-202-942-8090)

Via the Internet:

on the EDGAR Database at
<http://www.sec.gov>

SEC File No. 811-03623

AIM V.I. GROWTH AND INCOME FUND

PART III

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

Shares of the fund are currently offered only to insurance company separate accounts. AIM V.I. Growth and Income Fund seeks to provide growth of capital with a secondary objective of current income.

Prospectus

May 1, 2001

This prospectus contains important information. Please read it before investing and keep it for future reference.

As with all other mutual fund securities, the Securities and Exchange Commission has not approved or disapproved these securities or determined whether the information in this prospectus is adequate or accurate. Anyone who tells you otherwise is committing a crime.

An investment in the fund:

- is not FDIC insured;
- may lose value; and
- is not guaranteed by a bank.



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The AIM Family of Funds, The AIM Family of Funds and Design (i.e., the AIM logo), AIM and Design, AIM, AIM Funds, AIM Funds and Design, AIM Investor, AIM LINK, AIM Institutional Funds, aimfunds.com, La Familia AIM de Fondos, La Familia AIM de Fondos and Design, Invierta con DISCIPLINA and Invest with DISCIPLINE are registered service marks and AIM Bank Connection and AIM Internet Connect are service marks of AIM Management Group Inc.

No dealer, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this prospectus, and you should not rely on such other information or representations.

Contract described herein is no longer available for sale.

Investment Objectives and Strategies

The fund's primary investment objective is growth of capital with a secondary objective of current income. The investment objectives of the fund may be changed by the Board of Trustees without shareholder approval.

The fund seeks to meet its objectives by investing at least 65% of its total assets in securities of established companies that have long-term above-average growth in earnings and dividends, and growth companies that the portfolio managers believe have the potential for above-average growth in earnings and dividends. The portfolio managers consider whether to sell a particular

security when they believe the security no longer has that potential. The fund may also invest up to 25% of its total assets in foreign securities. Any percentage limitations with respect to assets of the fund are applied at the time of purchase.

In anticipation of or in response to adverse market conditions, for cash management purposes, or for defensive purposes, the fund may temporarily hold all or a portion of its assets in cash, money market instruments, shares of affiliated money market funds, bonds or other debt securities. As a result, the fund may not achieve its investment objectives.

Principal Risks of Investing in the Fund

There is a risk that you could lose all or a portion of your investment in the fund and that the income you may receive from your investment may vary. The value of your investment in the fund will go up and down with the prices of the securities in which the fund invests. The prices of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity. The values of the convertible securities in which the fund may invest also will be affected by market interest rates, the risk that the issuer may default on interest or principal payments and the value of the underlying common stock into which these securities may be converted. Specifically, since these types of convertible securities pay fixed interest and dividends, their values may fall if market interest rates rise and rise if market interest rates fall. Additionally, an issuer may have the right to buy back certain of the convertible securities at a time and at a price that is unfavorable to the fund.

The prices of foreign securities may be further affected by other factors, including:

- *Currency exchange rates*—The dollar value of the fund's foreign investments will be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded.

- *Political and economic conditions*—The value of the fund's foreign investments may be adversely affected by political and social instability in their home countries and by changes in economic or taxation policies in those countries.
- *Regulations*—Foreign companies generally are subject to less stringent regulations, including financial and accounting controls, than are U.S. companies. As a result, there generally is less publicly available information about foreign companies than about U.S. companies.
- *Markets*—The securities markets of other countries are smaller than U.S. securities markets. As a result, many foreign securities may be less liquid and more volatile than U.S. securities.

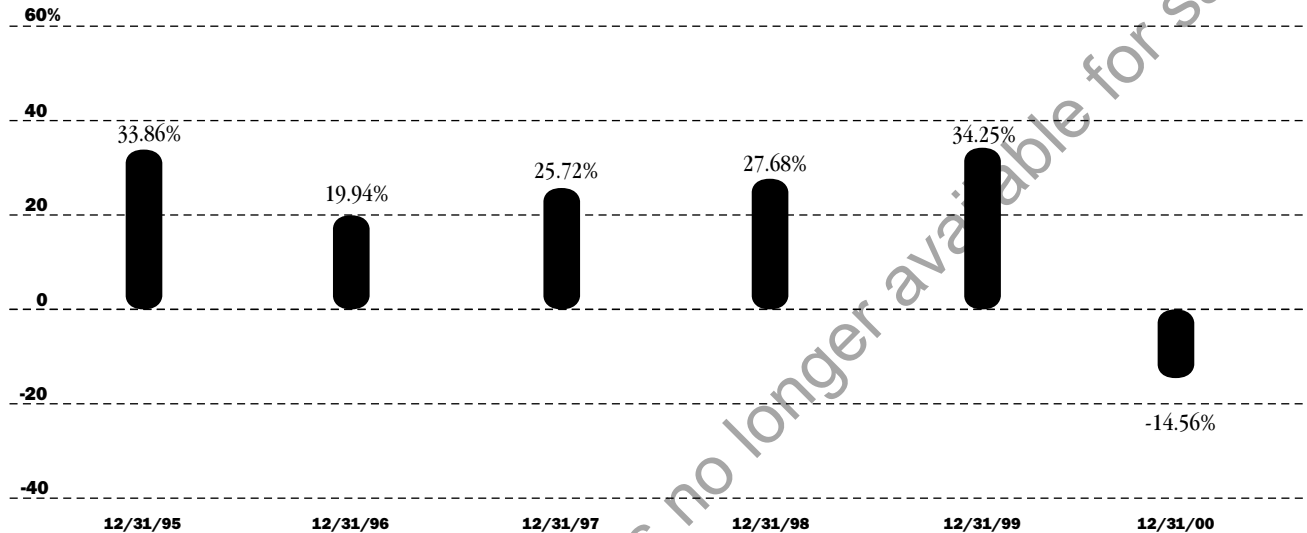
These factors may affect the prices of securities issued by foreign companies located in developing countries more than those in countries with mature economies. For example, many developing countries have, in the past, experienced high rates of inflation or sharply devaluated their currencies against the U.S. dollar, thereby causing the value of investments in companies located in those countries to decline. Transaction costs are often higher in developing countries and there may be delays in settlement procedures.

Performance Information

The bar chart and table shown below provide an indication of the risks of investing in the fund. The fund's past performance is not necessarily an indication of its future performance. The bar chart and performance table shown do not reflect charges at the separate account level. If they did, the performance shown would be lower.

ANNUAL TOTAL RETURNS

The following bar chart shows changes in the performance of the fund's shares from year to year.



During the periods shown in the bar chart, the highest quarterly return was 26.48% (quarter ended December 31, 1998) and the lowest quarterly return was -16.33% (quarter ended December 31, 2000).

PERFORMANCE TABLE

The following performance table compares the fund's performance to that of a broad-based securities market index.

Average Annual Total Returns

(for the periods ended December 31, 2000)	1 Year	5 Years	Since Inception	Inception Date
AIM V.I. Growth and Income Fund	(14.56)%	17.17%	17.66%	05/02/94
Standard & Poor's 500 Index(1)	(9.10)%	18.33%	19.70%(2)	04/30/94(2)

(1) The Standard & Poor's 500 Index is an unmanaged index of common stocks frequently used as a general measure of U.S. stock market performance.

(2) The average annual total return given is since the date closest to the inception date of the fund.

Fund Management

THE ADVISOR

AIM Advisors, Inc. (the advisor) serves as the fund's investment advisor. The advisor is located at 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. The advisor supervises all aspects of the fund's operations and provides investment advisory services to the fund, including obtaining and evaluating economic, statistical and financial information to formulate and implement investment programs for the fund.

The advisor has acted as an investment advisor since its organization in 1976. Today, the advisor, together with its subsidiaries, advises or manages over 135 investment portfolios, including the fund, encompassing a broad range of investment objectives.

ADVISOR COMPENSATION

During the fund's last fiscal year ended December 31, 2000, the advisor received compensation of 0.60% of the fund's average net assets.

PORTFOLIO MANAGERS

The advisor uses a team approach to investment management. The individual members of the team who are primarily responsible for the day-to-day management of the fund's portfolio are as follows:

- Monika H. Degan, Senior Portfolio Manager, who has been responsible for the fund since 2000 and has been associated with the advisor and/or its affiliates since 1995.
- Lanny H. Sachnowitz, Senior Portfolio Manager, who has been responsible for the fund since 1994, and has been associated with the advisor and/or its affiliates since 1987.

Contract described herein is no longer available for sale

Other Information

PURCHASE AND REDEMPTION OF SHARES

The fund ordinarily effects orders to purchase and redeem shares at the fund's next computed net asset value after it receives an order. Life insurance companies participating in the fund serve as the fund's designee for receiving orders of separate accounts that invest in the fund.

Shares of the fund are offered in connection with mixed and shared funding, i.e., to separate accounts of affiliated and unaffiliated life insurance companies funding variable annuity contracts and variable life insurance policies. The fund currently offers shares only to insurance company separate accounts. In the future, the fund may offer them to pension and retirement plans that qualify for special federal income tax treatment. Due to differences in tax treatment and other considerations, the interests of variable contract owners investing in separate accounts investing in the fund, and the interests of plan participants investing in the fund, may conflict.

Mixed and shared funding may present certain conflicts of interest. The Board of Trustees of the fund will monitor for the existence of any material conflicts and determine what action, if any, should be taken. A fund's net asset value could decrease if it had to sell investment securities to pay redemption proceeds to a separate account (or plan) withdrawing because of a conflict.

PRICING OF SHARES

The fund prices its shares based on its net asset value. The fund values portfolio securities for which market quotations are readily available at market value. The fund values short-term investments maturing within 60 days at amortized cost, which approximates market value. The fund values all other securities and assets at their fair value. Securities and other assets quoted in foreign currencies are valued in U.S. dollars based on the prevailing exchange rates on that day. In addition, if, between the time trading ends on a particular security and the close of the customary trading session of the New York Stock Exchange (NYSE), events occur that materially affect the value of the

security, the fund may value the security at its fair value as determined in good faith by or under the supervision of the Board of Trustees. The effect of using fair value pricing is that the fund's net asset value will be subject to the judgment of the Board of Trustees or its designee instead of being determined by the market. Because the fund may invest in securities that are primarily listed on foreign exchanges, the value of the fund's shares may change on days when the separate account will not be able to purchase or redeem shares. The fund determines the net asset value of its shares as of the close of the customary trading session of the NYSE on each day the NYSE is open for business.

TAXES

The amount, timing and character of distributions to the separate account may be affected by special tax rules applicable to certain investments purchased by the fund. Holders of variable contracts should refer to the prospectus for their contracts for information regarding the tax consequences of owning such contracts and should consult their tax advisors before investing.

DIVIDENDS AND DISTRIBUTIONS

Dividends

The fund generally declares and pays dividends, if any, annually to separate accounts of participating life insurance companies. The fund expects that its distributions will consist primarily of capital gains.

Capital Gains Distributions

The fund generally distributes long-term and short-term capital gains, if any, annually to separate accounts of participating life insurance companies.

At the election of participating life insurance companies, dividends and distributions are automatically reinvested at net asset value in shares of the fund.

Financial Highlights

The financial highlights table is intended to help you understand the fund's financial performance. Certain information reflects financial results for a single fund share.

The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the fund (assuming reinvestment of all dividends and distributions).

The table shows the financial highlights for a share of the fund outstanding during each of the fiscal years (or periods) indicated.

This information has been audited by Tait, Weller & Baker, whose report, along with the fund's financial statements, is included in the fund's annual report, which is available upon request.

	Year Ended December 31,				
	2000 ^(a)	1999 ^(a)	1998 ^(a)	1997	1996
Net asset value, beginning of period	\$ 31.59	\$ 23.75	\$ 18.87	\$ 15.03	\$ 12.68
Income from investment operations:					
Net investment income	0.01	0.06	0.26	0.13	0.16
Net gains (losses) on securities (both realized and unrealized)	(4.56)	8.05	4.95	3.74	2.36
Total from investment operations	(4.55)	8.11	5.21	3.87	2.52
Less distributions:					
Dividends from net investment income	(0.04)	(0.16)	(0.09)	(0.01)	(0.14)
Distributions from net realized gains	(0.81)	(0.11)	(0.24)	(0.02)	(0.03)
Total distributions	(0.85)	(0.27)	(0.33)	(0.03)	(0.17)
Net asset value, end of period	\$ 26.19	\$ 31.59	\$ 23.75	\$ 18.87	\$ 15.03
Total return ^(c)	(14.56)%	34.25%	27.68%	25.72%	19.95%
Ratios/supplemental data:					
Net assets, end of period (000s omitted)	\$2,514,262	\$2,443,264	\$1,262,059	\$639,113	\$209,332
Ratio of expenses to average net assets	0.85% ^(b)	0.77%	0.65%	0.69%	0.78%
Ratio of net investment income to average net assets	0.04% ^(b)	0.22%	1.34%	1.15%	2.05%
Portfolio turnover rate	75%	93%	140%	135%	148%

^(a) Calculated using average shares outstanding.

^(b) Ratios are based on average daily net assets of \$2,688,675,129.

^(c) Total return does not reflect charges at the separate account level.

Obtaining Additional Information

More information may be obtained free of charge upon request. The Statement of Additional Information (SAI), a current version of which is on file with the Securities and Exchange Commission (SEC), contains more details about the fund and is incorporated by reference into the prospectus (is legally a part of this prospectus). Annual and semiannual reports to shareholders contain additional information about the fund's investments. The fund's annual report also discusses the market conditions and investment strategies that significantly affected the fund's performance during its last fiscal year.

If you wish to obtain free copies of the fund's current SAI, please send a written request to AIM Distributors, Inc., 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173 or call (800) 410-4246.

You also can review and obtain copies of the fund's SAI, reports and other information at the SEC's Public Reference Room in Washington, DC; on the EDGAR database on the SEC's Internet website (<http://www.sec.gov>); or, after paying a duplication fee, by sending a letter to the SEC's Public Reference Section, Washington, DC 20549-0102 or by sending an electronic mail request to publicinfo@sec.gov. Please call the SEC at 1-202-942-8090 for information about the Public Reference Room.

AIM V.I. Growth and Income Fund
SEC 1940 Act file number: 811-7452



F U N D S •

www.aimfunds.com

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Contract described herein is no longer available for sale.

AIM V.I. VALUE FUND

*Shares of the fund are currently offered only to insurance company separate accounts.
AIM V.I. Value Fund seeks to achieve long-term growth of capital. Income is a secondary objective.*

Prospectus
May 1, 2001

This prospectus contains important information. Please read it before investing and keep it for future reference.

As with all other mutual fund securities, the Securities and Exchange Commission has not approved or disapproved these securities or determined whether the information in this prospectus is adequate or accurate. Anyone who tells you otherwise is committing a crime.

An investment in the fund:

- is not FDIC insured;
- may lose value; and
- is not guaranteed by a bank.



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The AIM Family of Funds, The AIM Family of Funds and Design (i.e., the AIM logo), AIM and Design, AIM, AIM Funds, AIM Funds and Design, AIM Investor, AIM LINK, AIM Institutional Funds, aimfunds.com, La Familia AIM de Fondos, La Familia AIM de Fondos and Design, Invierta con DISCIPLINA and Invest with DISCIPLINE are registered service marks and AIM Bank Connection and AIM Internet Connect are service marks of AIM Management Group Inc.

No dealer, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this prospectus, and you should not rely on such other information or representations.

Contract described herein is no longer available for sale.

Investment Objectives and Strategies

The fund's investment objective is to achieve long-term growth of capital. Income is a secondary objective. The investment objectives of the fund may be changed by the Board of Trustees without shareholder approval.

The fund seeks to meet its objectives by investing primarily in equity securities judged by the fund's investment advisor to be undervalued relative to the investment advisor's appraisal of the current or projected earnings of the companies issuing the securities, or relative to current market values of assets owned by the companies issuing the securities or relative to the equity market generally. The fund also may invest in preferred stocks and debt instruments that have prospects for growth of capital. The fund also may invest up to 25% of its total assets in foreign securities. Any percentage limitations with respect to assets of the fund are applied at the time of purchase.

The portfolio managers focus on undervalued equity securities of (1) out-of-favor cyclical growth companies; (2) established

growth companies that are undervalued compared to historical relative valuation parameters; (3) companies where there is early but tangible evidence of improving prospects that are not yet reflected in the price of the company's equity securities; and (4) companies whose equity securities are selling at prices that do not reflect the current market value of their assets and where there is reason to expect realization of this potential in the form of increased equity values. The portfolio managers consider whether to sell a particular security when they believe the company no longer fits into any of the above categories.

In anticipation of or in response to adverse market conditions, for cash management purposes, or for defensive purposes, the fund may temporarily hold all or a portion of its assets in cash, money market instrument, shares of affiliated money market funds, bonds or other debt securities. As a result, the fund may not achieve its investment objectives.

Principal Risks of Investing in the Fund

There is a risk that you could lose all or a portion of your investment in the fund and that the income you may receive from your investment may vary. The value of your investment in the fund will go up and down with the prices of the securities in which the fund invests. The price of equity securities change in response to many factors, including the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates, investor perceptions and market liquidity.

The prices of foreign securities may be further affected by other factors, including:

- *Currency exchange rates*—The dollar value of the fund's foreign investments will be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded.
- *Political and economic conditions*—The value of the fund's foreign investments may be adversely affected by political and social instability in their home countries and by changes in economic or taxation policies in those countries.
- *Regulations*—Foreign companies generally are subject to less stringent regulations, including financial and accounting controls, than are U.S. companies. As a result, there generally is

less publicly available information about foreign companies than about U.S. companies.

- *Markets*—The securities markets of other countries are smaller than U.S. securities markets. As a result, many foreign securities may be less liquid and more volatile than U.S. securities.

These factors may affect the prices of securities issued by foreign companies located in developing countries more than those in countries with mature economies. For example, many developing countries have, in the past, experienced high rates of inflation or sharply devaluated their currencies against the U.S. dollar, thereby causing the value of investments in companies located in those countries to decline. Transaction costs are often higher in developing countries and there may be delays in settlement procedures.

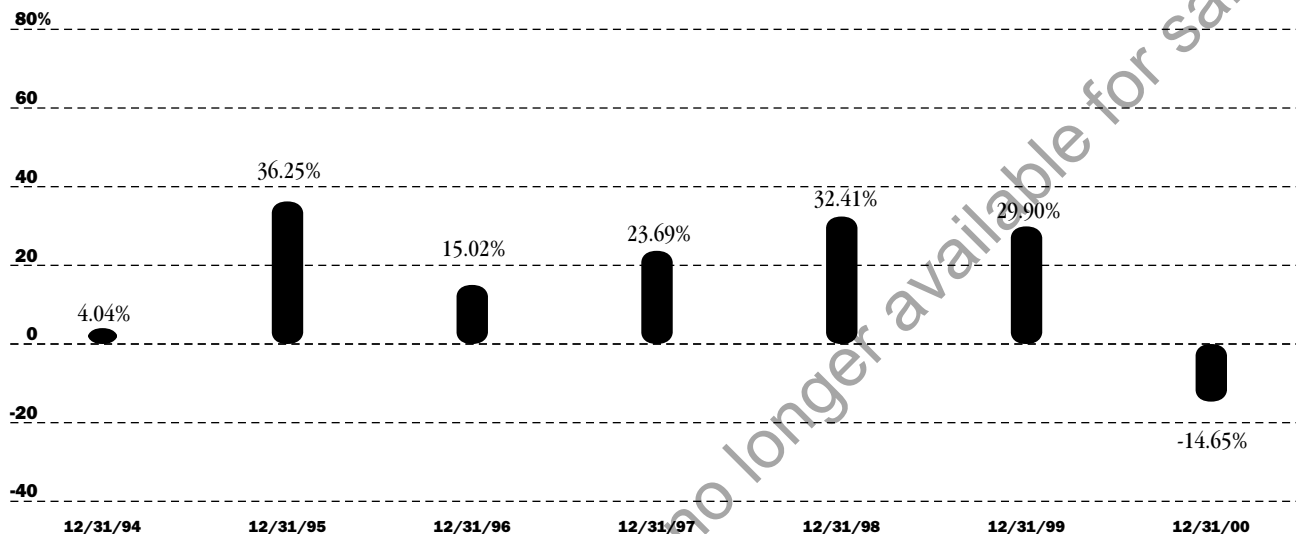
If the seller of a repurchase agreement in which the fund invests defaults on its obligation or declares bankruptcy, the fund may experience delays in selling the securities underlying the repurchase agreement. As a result, the fund may incur losses arising from decline in the value of those securities, reduced levels of income and expenses of enforcing its rights.

Performance Information

The bar chart and table shown below provide an indication of the risks of investing in the fund. The fund's past performance is not necessarily an indication of its future performance. The bar chart and performance table shown do not reflect charges at the separate rate account level. If they did, the performance shown would be lower.

ANNUAL TOTAL RETURNS

The following bar chart shows changes in the performance of the fund's shares from year to year.



During the periods shown in the bar chart, the highest quarterly return was 27.04% (quarter ended December 31, 1998) and the lowest quarterly return was -12.00% (quarter ended September 30, 1998).

PERFORMANCE TABLE

The following performance table compares the fund's performance to that of a broad-based securities market index.

Average Annual Total Returns

(for the periods ended December 31, 2000)

	1 Year	5 Years	Since Inception	Inception Date
AIM V.I. Value Fund	(14.65)%	15.87%	17.33%	05/05/93
Standard & Poor's 500 Index(1)	(9.10)%	18.33%	17.72%(2)	04/30/93(2)

(1) The Standard & Poor's 500 Index is an unmanaged index of common stocks frequently used as a general measure of U.S. stock market performance.

(2) The average annual total return given is since the date closest to the inception date of the fund.

Fund Management

THE ADVISOR

AIM Advisors, Inc. (the advisor) serves as the fund's investment advisor. The advisor is located at 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173. The advisor supervises all aspects of the fund's operations and provides investment advisory services to the fund, including obtaining and evaluating economic, statistical and financial information to formulate and implement investment programs for the fund.

The advisor has acted as an investment advisor since its organization in 1976. Today, the advisor, together with its subsidiaries, advises or manages over 135 investment portfolios, including the fund, encompassing a broad range of investment objectives.

ADVISOR COMPENSATION

During the fund's last fiscal year ended December 31, 2000, the advisor received compensation of 0.61% of average net assets.

PORTFOLIO MANAGERS

The advisor uses a team approach to investment management. The individual members of the team who are primarily responsible for the day-to-day management of the fund's portfolio are as follows:

- Joel E. Dobberpuhl, Senior Portfolio Manager, who has been responsible for the fund since 1993, and has been associated with the advisor and/or its affiliates since 1990.
- Evan G. Harrel, Senior Portfolio Manager, who has been responsible for the fund since 1998 and has been associated with the advisor and/or its affiliates since 1998. From 1994 to 1998, he was Vice President and portfolio manager of Van Kampen American Capital Asset Management, Inc. and portfolio manager of various growth and equity funds.
- Robert A. Shelton, Senior Portfolio Manager, who has been responsible for the fund since 1997 and has been associated with the advisor and/or its affiliates since 1995.

Contract described herein is no longer available for sale

Other Information

PURCHASE AND REDEMPTION OF SHARES

The fund ordinarily effects orders to purchase and redeem shares at the fund's next computed net asset value after it receives an order. Life insurance companies participating in the fund serve as the fund's designee for receiving orders of separate accounts that invest in the fund.

Shares of the fund are offered in connection with mixed and shared funding, i.e., to separate accounts of affiliated and unaffiliated life insurance companies funding variable annuity contracts and variable life insurance policies. The fund currently offers shares only to insurance company separate accounts. In the future, the fund may offer them to pension and retirement plans that qualify for special federal income tax treatment. Due to differences in tax treatment and other considerations, the interests of variable contract owners investing in separate accounts investing in the fund, and the interests of plan participants investing in the fund, may conflict.

Mixed and shared funding may present certain conflicts of interest. The Board of Trustees of the fund will monitor for the existence of any material conflicts and determine what action, if any, should be taken. A fund's net asset value could decrease if it had to sell investment securities to pay redemption proceeds to a separate account (or plan) withdrawing because of a conflict.

PRICING OF SHARES

The fund prices its shares based on its net asset value. The fund values portfolio securities for which market quotations are readily available at market value. The fund values short-term investments maturing within 60 days at amortized cost, which approximates market value. The fund values all other securities and assets at their fair value. Securities and other assets quoted in foreign currencies are valued in U.S. dollars based on the prevailing exchange rates on that day. In addition, if, between the time trading ends on a particular security and the close of the customary trading session of the New York Stock Exchange

(NYSE), events occur that materially affect the value of the security, the fund may value the security at its fair value as determined in good faith by or under the supervision of the Board of Trustees. The effect of using fair value pricing is that the fund's net asset value will be subject to the judgment of the Board of Trustees or its designee instead of being determined by the market. Because the fund may invest in securities that are primarily listed on foreign exchanges, the value of the fund's shares may change on days when the separate account will not be able to purchase or redeem shares. The fund determines the net asset value of its shares as of the close of the customary trading session of the NYSE on each day the NYSE is open for business.

TAXES

The amount, timing and character of distributions to the separate account may be affected by special tax rules applicable to certain investments purchased by the fund. Holders of variable contracts should refer to the prospectus for their contracts for information regarding the tax consequences of owning such contracts and should consult their tax advisors before investing.

DIVIDENDS AND DISTRIBUTIONS

Dividends

The fund generally declares and pays dividends, if any, annually to separate accounts of participating life insurance companies.

Capital Gains Distributions

The fund generally distributes long-term and short-term capital gains, if any, annually to separate accounts of participating life insurance companies.

At the election of participating life insurance companies, dividends and distributions are automatically reinvested at net asset value in shares of the fund.

Financial Highlights

The financial highlights table is intended to help you understand the fund's financial performance. Certain information reflects financial results for a single fund share.

The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the fund (assuming reinvestment of all dividends and distributions).

The table shows the financial highlights for a share of the fund outstanding during each of the fiscal years (or periods) indicated.

This information has been audited by Tait, Weller & Baker, whose report, along with the fund's financial statements, is included in the fund's annual report, which is available upon request.

	Year Ended December 31,				
	2000 ^(a)	1999 ^(a)	1998	1997	1996
Net asset value, beginning of period	\$ 33.50	\$ 26.25	\$ 20.83	\$ 17.48	\$ 16.11
Income from investment operations:					
Net investment income	0.04	0.06	0.09	0.08	0.30
Net gains (losses) on securities (both realized and unrealized)	(4.94)	7.76	6.59	4.05	2.09
Total from investment operations	(4.90)	7.82	6.68	4.13	2.39
Less distributions:					
Dividends from net investment income	(0.04)	(0.09)	(0.13)	(0.19)	(0.10)
Distributions from net realized gains	(1.26)	(0.48)	(1.13)	(0.59)	(0.92)
Total distributions	(1.30)	(0.57)	(1.26)	(0.78)	(1.02)
Net asset value, end of period	\$ 27.30	\$ 33.50	\$ 26.25	\$ 20.83	\$ 17.48
Total return ^(c)	(14.68)%	29.90%	32.41%	23.69%	15.02%
Ratios/supplemental data:					
Net assets, end of period (000s omitted)	\$2,746,161	\$2,383,367	\$1,221,384	\$690,841	\$369,735
Ratio of expenses to average net assets	0.84% ^(b)	0.76%	0.66%	0.70%	0.73%
Ratio of net investment income to average net assets	0.12% ^(b)	0.20%	0.68%	1.05%	2.00%
Portfolio turnover rate	62%	62%	100%	127%	129%

^(a) Calculated using average shares outstanding.

^(b) Ratios are based on average daily net assets of \$2,733,652,844.

^(c) Total return does not reflect charges at the separate account level.

Obtaining Additional Information

More information may be obtained free of charge upon request. The Statement of Additional Information (SAI), a current version of which is on file with the Securities and Exchange Commission (SEC), contains more details about the fund and is incorporated by reference into the prospectus (is legally a part of this prospectus). Annual and semiannual reports to shareholders contain additional information about the fund's investments. The fund's annual report also discusses the market conditions and investment strategies that significantly affected the fund's performance during its last fiscal year.

If you wish to obtain free copies of the fund's current SAI, please send a written request to AIM Distributors, Inc., 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173 or call (800) 410-4246.

You also can review and obtain copies of the fund's SAI, reports and other information at the SEC's Public Reference Room in Washington, DC; on the EDGAR database on the SEC's Internet website (<http://www.sec.gov>); or, after paying a duplication fee, by sending a letter to the SEC's Public Reference Section, Washington, DC 20549-0102 or by sending an electronic mail request to publicinfo@sec.gov. Please call the SEC at 1-202-942-8090 for information about the Public Reference Room.

AIM V.I. Value Fund
SEC 1940 Act file number: 811-7452



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Contract described herein is no longer available for sale.

**ALLIANCE VARIABLE PRODUCTS
SERIES FUND, INC.**

May 1, 2001

Premier Growth Portfolio

This Prospectus describes the Portfolio that is available as the underlying investment through your variable contract. For information about your variable contract, including information about insurance-related expenses, see the prospectus for your variable contract which accompanies this Prospectus.

The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

Contract described herein is no longer available for sale.

Contract described herein is no longer available for sale.

Investment Products Offered

- ▶ Are Not FDIC Insured
- ▶ May Lose Value
- ▶ Are Not Bank Guaranteed

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Contract described herein is no longer available for sale.

This Prospectus describes the Premier Growth Portfolio of Alliance Variable Products Series Fund. The Portfolio's investment adviser is Alliance Capital Management L.P., a global investment manager providing diversified services to institutions and individuals through a broad line of investments including more than 100 mutual funds.

RISK/RETURN SUMMARY

The following is a summary of certain key information about the Portfolio. You will find additional information about the Portfolio, including a detailed description of the risks of an investment in the Portfolio, after this Summary.

The Risk/Return Summary describes the Portfolio's objectives, principal investment strategies and principal risks. The Portfolio's Summary Page includes a short discussion of some of the principal risks of investing in the Portfolio. A further discussion of these and other risks starts on page 6.

More detailed descriptions of the Portfolio, including the risks associated with investing in the Portfolio, can be found further back in this Prospectus. Please be sure to read this additional information **BEFORE** you invest. The Portfolio may at times use certain types of investment derivatives such as options, futures, forwards and swaps. The use of these techniques involves special risks that are discussed in this Prospectus.

The Risk/Return Summary includes a table for the Portfolio showing its average annual returns and a bar chart showing its annual returns. The table and the bar chart provide an indication of the historical risk of an investment in the Portfolio by showing:

- how the Portfolio's average annual returns for one, five, and 10 years (or over the life of the Portfolio if the Portfolio is less than 10 years old) compare to those of a broad-based securities market index; and
- changes in the Portfolio's performance from year to year over 10 years (or over the life of the Portfolio if the Portfolio is less than 10 years old).

If the Portfolio's returns reflected fees charged by your variable contract, the returns shown in the table and bar charts for the Portfolio would be lower.

The Portfolio's past performance, of course, does not necessarily indicate how it will perform in the future. As with all investments, you may lose money by investing in the Portfolio.

Premier Growth Portfolio

Objective: The Portfolio's investment objective is growth of capital by pursuing aggressive investment policies.

Principal Investment Strategies and Risks: The Portfolio invests primarily in equity securities of U.S. companies. Unlike most equity funds, the Portfolio focuses on a relatively small number of intensively researched companies. Alliance selects the Portfolio's investments from a research universe of more than 500 companies that have strong management, superior industry positions, excellent balance sheets, and superior earnings growth prospects.

Normally, the Portfolio invests in about 40-60 companies, with the 25 most highly regarded of these companies usually constituting approximately 70% of the Portfolio's net assets. During market declines, while adding to positions in favored stocks, the Portfolio becomes somewhat more aggressive, gradually reducing the number of companies represented in its portfolio. Conversely, in rising markets, while reducing or eliminating fully-valued positions, the Portfolio becomes somewhat more conservative, gradually increasing the number of companies represented in its portfolio. Through this approach, Alliance seeks to gain positive returns in good markets while providing some measure of protection in poor markets. The Portfolio also may invest up to 20% of its net assets in convertible securities and up to 20% of its total assets in equity securities of non-U.S. companies.

Among the principal risks of investing in the Portfolio are market risk and focused portfolio risk. Because the Portfolio invests in a smaller number of securities than many other equity funds, your investment has the risk that changes in the value of a single security may have a more significant effect, either negative or positive, on the Portfolio's net asset value. The Portfolio's investments in foreign securities have foreign risk and currency risk.

The table and bar chart provide an indication of the historical risk of an investment in the Portfolio.

Performance Information and Bar Chart**PERFORMANCE TABLE**

	<u>1 Year</u>	<u>Since Inception</u>
Portfolio	-16.78%	-4.03%
Russell 1000 Growth Index	-22.42%	-2.42%
S&P 500 Index	-9.11%	0.74%

The average annual total returns in the performance table are for periods ended December 31, 2000. Since Inception return information is from July 14, 1999 for the Portfolio and July 31, 1999 for the Index.

BAR CHART

N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-16.8
91	92	93	94	95	96	97	98	99		00
										█

You should consider an investment in the Portfolio as a long-term investment. The Portfolio's returns will fluctuate over long and short periods. For example, during the period shown in the bar chart, the Portfolio's:

Best quarter was up 6.61%, 1st quarter, 2000; and

Worst quarter was down -13.91%, 4th quarter, 2000

SUMMARY OF PRINCIPAL RISKS

The value of your investment in the Portfolio will change with changes in the values of the Portfolio's investments. Many factors can affect those values. In this Summary, we describe the principal risks that may affect the Portfolio's investments as a whole. The Portfolio could be subject to additional principal risks because the types of investments made by the Portfolio can change over time. This Prospectus has additional descriptions of the types of investments that appear in bold type in the discussions under "Description of Additional Investment Practices" or "Additional Risk Considerations." These sections also include more information about the Portfolio, its investments, and related risks.

- **Market Risk** This is the risk that the value of the Portfolio's investments will fluctuate as the stock or bond markets fluctuate and that prices overall will decline over shorter or longer-term periods.
- **Focused Portfolio Risk** The Portfolio invests in a limited number of companies and may have more risk because changes in the value of a single security may have a more significant effect, either negative or positive, on the Portfolio's net asset value.
- **Management Risk** The Portfolio is subject to management risk because it is an actively managed investment Portfolio. Alliance will apply its investment techniques and risk analyses in making investment decisions for the Portfolio, but there can be no guarantee that its decisions will produce the desired results. In some cases, derivative and other investment techniques may be unavailable or Alliance may determine not to use them, possibly even under market conditions where their use could benefit the Portfolio.

Contract described herein is no longer available for sale.

GLOSSARY

This Prospectus uses the following terms.

Types of Securities

Bonds are fixed, floating, and variable rate debt obligations.

Convertible securities are fixed-income securities that are convertible into common and preferred stock.

Debt securities are bonds, debentures, notes, and bills.

Depository receipts include American Depository Receipts (“**ADRs**”), Global Depository Receipts (“**GDRs**”) and other types of depository receipts.

Equity securities include (i) common stocks, partnership interests, business trust shares and other equity or ownership interests in business enterprises, and (ii) securities convertible into, and rights and warrants to subscribe for the purchase of, such stocks, shares and interests.

Fixed-income securities are debt securities and preferred stocks, including floating rate and variable rate instruments.

Foreign government securities are securities issued or guaranteed, as to payment of principal and interest, by foreign governments, quasi-governmental entities, or governmental agencies or other entities.

Rule 144A securities are securities that may be resold under rule 144A of the Securities Act.

U.S. Government securities are securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

Rating Agencies, Rated Securities and Indexes

Fitch is Fitch, Inc., the international rating agency formed through the merger of Fitch IBCA, Inc. and Duff & Phelps Credit Rating Co.

Investment grade securities are fixed-income securities rated Baa and above by Moody’s or B and above by S&P, Duff & Phelps or Fitch, or determined by Alliance to be of equivalent quality.

Lower-rated securities are fixed-income securities rated Ba or below by Moody’s or BB or below by S&P, Duff & Phelps or Fitch, or determined by Alliance to be of equivalent quality, and are commonly referred to as “**junk bonds**.”

Moody’s is Moody’s Investors Service, Inc.

S&P is Standard & Poor’s Ratings Services.

S&P 500 Index is S&P’s 500 Composite Stock Price Index, a widely recognized unmanaged index of market activity.

Other

1940 Act is the Investment Company Act of 1940, as amended.

Code is the Internal Revenue Code of 1986, as amended.

Commission is the Securities and Exchange Commission.

Exchange is the New York Stock Exchange.

International company is an entity that (i) is organized under the laws of a foreign country and conducts business in a foreign country, (ii) derives 50% or more of its total revenues from business in foreign countries, or (iii) issues equity or debt securities that are traded principally on a stock exchange in a foreign country.

Non-U.S. company is an entity that (i) is organized under the laws of a foreign country, (ii) has its principal place of business in a foreign country, and (iii) issues equity or debt securities that are traded principally in a foreign country. Securities issued by non-U.S. companies are known as foreign securities. Securities issued by a company that does not fit the definition of Non-U.S. company above, are considered to be issued by a U.S. company.

Securities Act is the Securities Act of 1933, as amended.

Contract described herein is no longer available for sale.

DESCRIPTION OF THE PORTFOLIO

This section of the Prospectus provides a more complete description of the Portfolio's investment objectives, principal strategies and risks. Of course, there can be no assurance that the Portfolio will achieve its investment objective.

Please note that:

- Additional discussion of the Portfolio's investments, including the risks of the investments, can be found in the discussion under **Description of Additional Investment Practices** following this section.
- The description of the principal risks for the Portfolio may include risks described in the **Summary of Principal Risks** above. Additional information about the risks of investing in the Portfolio can be found in the discussion under **Additional Risk Considerations**.
- Additional descriptions of the Portfolio's strategies, investments and risks can be found in the Portfolio's Statement of Additional Information or SAI.
- Except as noted, (i) the Portfolio's investment objectives are "fundamental" and cannot be changed without a shareholder vote, and (ii) the Portfolio's investment policies are not fundamental and thus can be changed without a shareholder vote. Where an investment policy or restriction has a percentage limitation, such limitation is applied at the time of investment. Changes in the market value of securities in the Portfolio's investments after they are purchased by the Portfolio will not cause the Portfolio to be in violation of such limitation.

INVESTMENT OBJECTIVES AND PRINCIPAL POLICIES

Premier Growth Portfolio

The Portfolio's investment objective is growth of capital by pursuing aggressive investment policies. The Portfolio invests primarily in the equity securities of a limited number of large, carefully selected, high-quality U.S. companies that are judged likely to achieve superior earnings growth. As a matter of fundamental policy, the Portfolio normally invests at least 80% of its total assets in the equity securities of U.S. companies and up to 20% of its assets in non-U.S. companies. Normally, about 40-60 companies will be represented in the Portfolio, with the 25 most highly regarded of these companies usually constituting approximately 70% of the Portfolio's net assets. The Portfolio is thus atypical from most equity mutual funds in its focus on a relatively small number of intensively researched companies. The Portfolio is designed for those seeking to accumulate capital over time with less volatility than that associated with investment in smaller companies.

Alliance's investment strategy for the Portfolio emphasizes stock selection and investment in the securities of a limited number of issuers. Alliance relies heavily upon the fundamental analysis and research of its large internal research staff, which generally follows a primary research universe of more than 500 companies that have strong management, superior industry positions, excellent balance sheets and superior earnings growth prospects. An emphasis is placed on identifying companies whose substantially above average prospective earnings growth is not fully reflected in current market valuations.

In managing the Portfolio, Alliance seeks to utilize market volatility judiciously (assuming no change in company fundamentals), striving to capitalize on apparently unwarranted price fluctuations, both to purchase or increase positions on weakness and to sell or reduce overpriced holdings. The Portfolio normally remains nearly fully invested and does not take significant cash positions for market timing purposes. During market declines, while adding to positions in favored stocks, the Portfolio becomes somewhat more aggressive, gradually reducing the number of companies represented in its portfolio. Conversely, in rising markets, while reducing or eliminating fully valued positions, the Portfolio becomes somewhat more conservative, gradually increasing the number of companies represented in its portfolio. Alliance thus seeks to gain positive returns in good markets while providing some measure of protection in poor markets.

Alliance expects the average market capitalization of companies represented in the Portfolio normally to be in the range, or in excess, of the average market capitalization of companies included in the S&P 500 Index.

The Portfolio also may:

- invest up to 20% of its net assets in **convertible securities**;
- invest up to 20% of its total assets in **foreign securities**;
- purchase and sell exchange-traded index **options** and stock index **futures contracts**;
- write covered exchange-traded call **options** on its securities of up to 15% of its total assets, and purchase and sell exchange-traded call and put options on common stocks written by others of up to, for all options, 10% of its total assets;
- make **short sales** “against the box” of up to 15% of its net assets;
- invest up to 5% of its net assets in **rights or warrants**;
- invest up to 10% of its total assets in **illiquid securities**; and
- make loans of **portfolio securities** up to 33 1/3% of its total assets (including collateral for any security loaned).

Because the Portfolio invests in a smaller number of securities than many other equity Portfolios, your investment also has the risk that changes in the value of a single security may have a more significant effect, either negative or positive, on the Portfolio’s net asset value.

DESCRIPTION OF ADDITIONAL INVESTMENT PRACTICES

This section describes the Portfolio’s investment practices and associated risks. Unless otherwise noted, the Portfolio’s use of any of these practices was specified in the previous section.

Derivatives. The Portfolio may use derivatives to achieve its investment objectives. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. These assets, rates, and indices may include bonds, stocks, mortgages, commodities, interest rates, currency exchange rates, bond indices, and stock indices. Derivatives can be used to earn income or protect against risk, or both. For example, one party with unwanted risk may agree to pass that risk to another party who is willing to accept the risk, the second party being motivated, for example, by the desire either to earn income in the form of a fee or premium from the first party, or to reduce its own unwanted risk by attempting to pass all or part of that risk to the first party.

Derivatives can be used by investors such as the Portfolio to earn income and enhance returns, to hedge or adjust the risk profile of a portfolio, and either to replace more traditional direct investments or to obtain exposure to otherwise inaccessible markets. The Portfolio is permitted to use derivatives for one or more of these purposes, although the Portfolio generally uses derivatives primarily as direct investments in order to enhance yields and broaden portfolio diversification. Each of these uses entails greater risk than if derivatives were used solely for hedging purposes. Derivatives are a valuable tool, which, when used properly, can provide significant benefits to Portfolio shareholders. The Portfolio may take a significant position in those derivatives that are within its investment policies if, in Alliance’s judgment, this represents the most effective response to current or anticipated market conditions. The Portfolio may make extensive use of carefully selected forwards and other derivatives to achieve currency hedging. Alliance’s use of derivatives is subject to continuous risk assessment and control from the standpoint of the Portfolio’s investment objectives and policies.

Derivatives may be (i) standardized, exchange-traded contracts or (ii) customized, privately-negotiated contracts. Exchange-traded derivatives tend to be more liquid and subject to less credit risk than those that are privately negotiated.

There are four principal types of derivative instruments—options, futures, forwards, and swaps—from which virtually any type of derivative transaction can be created.

- **Options**—An option, which may be standardized and exchange-traded, or customized and privately negotiated, is an agreement that, for a premium payment or fee, gives the option holder (the buyer)

the right but not the obligation to buy or sell the underlying asset (or settle for cash an amount based on an underlying asset, rate or index) at a specified price (the exercise price) during a period of time or on a specified date. A call option entitles the holder to purchase, and a put option entitles the holder to sell, the underlying asset (or settle for cash an amount based on an underlying asset, rate or index).

Likewise, when an option is exercised the writer of the option is obligated to sell (in the case of a call option) or to purchase (in the case of a put option) the underlying asset (or settle for cash an amount based on an underlying asset, rate or index).

- **Futures**—A futures contract is an agreement that obligates the buyer to buy and the seller to sell a specified quantity of an underlying asset (or settle for cash the value of a contract based on an underlying asset, rate or index) at a specific price on the contract maturity date. Futures contracts are standardized, exchange-traded instruments and are fungible (i.e., considered to be perfect substitutes for each other). This fungibility allows futures contracts to be readily offset or cancelled through the acquisition of equal but opposite positions, which is the primary method in which futures contracts are liquidated. A cash-settled futures contract does not require physical delivery of the underlying asset but instead is settled for cash equal to the difference between the values of the contract on the date it is entered into and its maturity date.
- **Forwards**—A forward contract is an obligation by one party to buy, and the other party to sell, a specific quantity of an underlying commodity or other tangible asset for an agreed upon price at a future date. Forward contracts are customized, privately negotiated agreements designed to satisfy the objectives of each party. A forward contract usually results in the delivery of the underlying asset upon maturity of the contract in return for the agreed upon payment.
- **Swaps**—A swap is a customized, privately negotiated agreement that obligates two parties to exchange a series of cash flows at specified intervals (payment dates) based upon or calculated by reference to changes in specified prices or rates (interest rates in the case of interest rate swaps, currency exchange rates in the case of currency swaps) for a specified amount of an underlying asset (the “notional” principal amount). The payment flows are netted against each other, with the difference being paid by one party to the other. Except for currency swaps, the notional principal amount is used solely to calculate the payment streams but is not exchanged. With respect to currency swaps, actual principal amounts of currencies may be exchanged by the counterparties at the initiation, and again upon the termination, of the transaction.

Debt instruments that incorporate one or more of these building blocks for the purpose of determining the principal amount of and/or rate of interest payable on the debt instruments are often referred to as “structured securities.” An example of this type of structured security is indexed commercial paper. The term is also used to describe certain securities issued in connection with the restructuring of certain foreign obligations. The term “derivative” also is sometimes used to describe securities involving rights to a portion of the cash flows from an underlying pool of mortgages or other assets from which payments are passed through to the owner of, or that collateralize, the securities.

While the judicious use of derivatives by highly-experienced investment managers such as Alliance can be quite beneficial, derivatives involve risks different from, and, in certain cases, greater than, the risks presented by more traditional investments. The following is a general discussion of important risk factors and issues relating to the use of derivatives that investors should understand before investing in the Portfolio.

- **Market Risk**—This is the general risk of all investments that the value of a particular investment will change in a way detrimental to the Portfolio’s interest based on changes in the bond market generally.
- **Management Risk**—Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative

itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Portfolio, and the ability to forecast price, interest rate, or currency exchange rate movements correctly.

- **Credit Risk**—This is the risk that a loss may be sustained by the Portfolio as a result of the failure of a derivative counterparty to comply with the terms of the derivative contract. The credit risk for exchange-traded derivatives is generally less than for privately negotiated derivatives, since the clearing house, which is the issuer or counterparty to each exchange-traded derivative, provides a guarantee of performance. This guarantee is supported by a daily payment system (i.e., margin requirements) operated by the clearing house in order to reduce overall credit risk. For privately negotiated derivatives, there is no similar clearing agency guarantee. Therefore, the Portfolio considers the creditworthiness of each counterparty to a privately negotiated derivative in evaluating potential credit risk.
- **Liquidity Risk**—Liquidity risk exists when a particular instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.
- **Leverage Risk**—Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.
- **Other Risks**—Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the Portfolio. Derivatives do not always perfectly or even highly correlate or track the value of the assets, rates or indices they are designed to closely track. Consequently, the Portfolio's use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the Portfolio's investment objective.

Derivatives Used by the Portfolio. The following describes specific derivatives that the Portfolio may use.

Futures Contracts and Options on Futures Contracts. The Portfolio may buy and sell futures contracts on fixed-income or other securities or foreign currencies, and contracts based on interest rates or financial indices, including any index of U.S. Government securities, foreign government securities or corporate debt securities.

Options on futures contracts are options that call for the delivery of futures contracts upon exercise. Options on futures contracts written or purchased by the Portfolio will be traded on U.S. or foreign exchanges and will be used only for hedging purposes.

Options on Securities. In purchasing an option on securities, the Portfolio would be in a position to realize a gain if, during the option period, the price of the underlying securities increased (in the case of a call) or decreased (in the case of a put) by an amount in excess of the premium paid; otherwise the Portfolio would experience a loss not greater than the premium paid for the option. Thus, the Portfolio would realize a loss if the price of the underlying security declined or remained the same (in the case of a call) or increased or remained the same (in the case of a put) or otherwise did not increase (in the case of a put) or decrease (in the case of a call) by more than the amount of the premium. If a put or call option purchased by the Portfolio were permitted to expire without being sold or exercised, its premium would represent a loss to the Portfolio.

The Portfolio may write a put or call option in return for a premium, which is retained by the Portfolio whether or not the option is exercised. Except with respect to uncovered call options written for cross-hedging purposes, none of the Portfolios will write uncovered call or put options on securities. A call option written by the Portfolio is “covered” if the Portfolio owns the underlying security, has an absolute and immediate right to acquire that security upon conversion or exchange of another security it holds, or holds a call option on the underlying security with an exercise price equal to or less than that of the call option it has written. A put option written by the Portfolio is covered if the Portfolio holds a put option on the underlying securities with an exercise price equal to or greater than that of the put option it has written.

The risk involved in writing an uncovered call option is that there could be an increase in the market value of the underlying security, and the Portfolio could be obligated to acquire the underlying security at its current price and sell it at a lower price. The risk of loss from writing an uncovered put option is limited to the exercise price of the option.

The Portfolio may write a call option on a security that it does not own in order to hedge against a decline in the value of a security that it owns or has the right to acquire, a technique referred to as “cross-hedging.” The Portfolio would write a call option for cross-hedging purposes, instead of writing a covered call option, when the premium to be received from the cross-hedge transaction exceeds that to be received from writing a covered call option, while at the same time achieving the desired hedge. The correlation risk involved in cross-hedging may be greater than the correlation risk involved with other hedging strategies.

The Portfolio may purchase or write privately negotiated options on securities. The Portfolio will effect such transactions only with investment dealers and other financial institutions (such as commercial banks or savings and loan institutions) deemed creditworthy by Alliance. Privately negotiated options purchased or written by the Portfolio may be illiquid and it may not be possible for the Portfolio to effect a closing transaction at an advantageous time.

Options on Securities Indices. An option on a securities index is similar to an option on a security except that, rather than taking or making delivery of a security at a specified price, an option on a securities index gives the holder the right to receive, upon exercise of the option, an amount of cash if the closing level of the chosen 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.

Convertible Securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities, which provide a stable stream of income with generally higher yields than those of equity securities of the same or similar issuers. The price of a convertible security will normally vary with changes in the price of the underlying equity security, although the higher yield tends to make the convertible security less volatile than the underlying equity security. As with debt securities, the market value of convertible securities tends to decrease as interest rates rise and increase as interest rates decline. While convertible securities generally offer lower interest or dividend yields than non-convertible debt securities of similar quality, they enable investors to benefit from increases in the market price of the underlying common stock. Convertible debt securities that are rated Baa or lower by Moody’s or BBB or lower by S&P or Fitch and comparable unrated securities may share some or all of the risks of debt securities with those ratings.

Illiquid Securities. Illiquid securities generally include (i) direct placements or other securities that are subject to legal or contractual restrictions on resale or for which there is no readily available market (e.g., when trading in the security is suspended or, in the case of unlisted securities, when market makers do not exist or will not entertain bids or offers), including many currency swaps and any assets used to cover currency swaps, (ii) over the counter options and assets used to cover over the counter options, and (iii) repurchase agreements not terminable within seven days.

The Portfolio that invests in illiquid securities may not be able to sell such securities and may not be able to realize their full value upon sale. Alliance will monitor the Portfolio’s investments in illiquid securities. Rule

144A securities will not be treated as “illiquid” for the purposes of the limit on investments so long as the securities meet liquidity guidelines established by the Board of Directors.

Rights and Warrants. Warrants are option securities permitting their holders to subscribe for other securities. Rights are similar to warrants except that they have a substantially shorter duration. Rights and warrants do not carry with them dividend or voting rights with respect to the underlying securities, or any rights in the assets of the issuer. As a result, an investment in rights and warrants may be considered more speculative than certain other types of investments. In addition, the value of a right or a warrant does not necessarily change with the value of the underlying securities, and a right or a warrant ceases to have value if it is not exercised prior to its expiration date.

Short Sales. A short sale is effected by selling a security that the Portfolio does not own, or if the Portfolio owns the security, is not to be delivered upon consummation of the sale. A short sale is “against the box” if the Portfolio owns or has the right to obtain without payment securities identical to those sold short.

If the price of the security sold short increases between the time of the short sale and the time the Portfolio replaces the borrowed security, the Portfolio will incur a loss; conversely, if the price declines, the Portfolio will realize a short-term capital gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. Although the Portfolio’s gain is limited to the price at which it sold the security short, its potential loss is theoretically unlimited.

Future Developments. The Portfolio may, following written notice to its shareholders, take advantage of other investment practices that are not currently contemplated for use by the Portfolio, or are not available but may yet be developed, to the extent such investment practices are consistent with the Portfolio’s investment objective and legally permissible for the Portfolio. Such investment practices, if they arise, may involve risks that are different from or exceed those involved in the practices described above.

Portfolio Turnover. The portfolio turnover rate for the Portfolio is included in the **Financial Highlights** section. Generally, the Portfolio is actively managed and the Portfolio’s turnover may exceed 100% in some cases in response to market conditions. A higher rate of portfolio turnover increases brokerage and other transaction expenses, which must be borne by the Portfolio and its shareholders.

Temporary Defensive Position. For temporary defensive purposes, the Portfolio may invest in certain types of short-term, liquid, high-grade or high-quality debt securities. These securities may include U.S. Government securities, qualifying bank deposits, money market instruments, prime commercial paper and other types of short-term debt securities, including notes and bonds. Such securities may also include short-term, foreign-currency denominated securities of the type mentioned above issued by foreign governmental entities, companies and supranational organizations. While the Portfolio is investing for temporary defensive purposes, it may not meet its investment objective.

ADDITIONAL RISK CONSIDERATIONS

Investment in the Portfolio involves the special risk considerations described below. Certain of these risks may be heightened when investing in emerging markets.

Currency Considerations. The Portfolio invests some portion of its assets in securities denominated in, and receive revenues in, foreign currencies and will be adversely affected by reductions in the value of those currencies relative to the U.S. Dollar. These changes will affect the Portfolio’s net assets, distributions and income. If the value of the foreign currencies in which the Portfolio receives income falls relative to the U.S. Dollar between receipt of the income and the making of Portfolio distributions, the Portfolio may be required to liquidate securities in order to make distributions if the Portfolio has insufficient cash in U.S. Dollars to meet the distribution requirements that the Portfolio must satisfy to qualify as a regulated investment company for

federal income tax purposes. Similarly, if an exchange rate declines between the time the Portfolio incurs expenses in U.S. Dollars and the time cash expenses are paid, the amount of the currency required to be converted into U.S. Dollars in order to pay expenses in U.S. Dollars could be greater than the equivalent amount of such expenses in the currency at the time they were incurred. In light of these risks, the Portfolio may engage in certain currency hedging transactions, as described above, which involve certain special risks.

Fixed-Income Securities. The value of the Portfolio's shares will fluctuate with the value of its investments. The value of the Portfolio's investments will change as the general level of interest rates fluctuates. During periods of falling interest rates, the values of the Portfolio's securities will generally rise, although if falling interest rates are viewed as a precursor to a recession, the values of the Portfolio's securities may fall along with interest rates. Conversely, during periods of rising interest rates, the values of the Portfolio's securities will generally decline. Changes in interest rates have a greater effect on fixed-income securities with longer maturities and durations than those with shorter maturities and durations.

In seeking to achieve the Portfolio's investment objective, there will be times, such as during periods of rising interest rates, when depreciation and realization of capital losses on securities in the Portfolio will be unavoidable. Moreover, medium- and lower-rated securities and non-rated securities of comparable quality may be subject to wider fluctuations in yield and market values than higher-rated securities under certain market conditions. Such fluctuations after a security is acquired do not affect the cash income received from that security but will be reflected in the net asset value of the Portfolio.

Foreign Securities. The securities markets of many foreign countries are relatively small, with the majority of market capitalization and trading volume concentrated in a limited number of companies representing a small number of industries. Consequently, if the Portfolio invests in foreign securities, including foreign fixed-income securities, it may experience greater price volatility and significantly lower liquidity than a portfolio invested solely in securities of U.S. companies. These markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States.

Securities registration, custody and settlements may in some instances be subject to delays and legal and administrative uncertainties. Furthermore, foreign investment in the securities markets of certain foreign countries is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude investment in certain securities and may increase the cost and expenses of the Portfolio. In addition, the repatriation of investment income, capital or the proceeds of sales of securities from certain of the countries is controlled under regulations, including in some cases the need for certain advance government notification or authority, and if a deterioration occurs in a country's balance of payments, the country could impose temporary restrictions on foreign capital remittances.

The Portfolio also could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation, as well as by the application to it of other restrictions on investment. Investing in local markets may require the Portfolio to adopt special procedures or seek local governmental approvals or other actions, any of which may involve additional costs to the Portfolio. These factors may affect the liquidity of the Portfolio's investments in any country and Alliance will monitor the effect of any such factor or factors on the Portfolio's investments. Furthermore, transaction costs including brokerage commissions for transactions both on and off the securities exchanges in many foreign countries are generally higher than in the U.S.

Issuers of securities in foreign jurisdictions are generally not subject to the same degree of regulation as are U.S. issuers with respect to such matters as insider trading rules, restrictions on market manipulation, shareholder proxy requirements, and timely disclosure of information. The reporting, accounting, and auditing standards of foreign countries may differ, in some cases significantly, from U.S. standards in important respects, and less information may be available to investors in foreign securities than to investors in U.S. securities. Substantially less information is publicly available about certain non-U.S. issuers than is available about most U.S. issuers.

The economies of individual foreign countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product or gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position. Nationalization, expropriation or confiscatory taxation, currency blockage, political changes, government regulation, political or social instability, or diplomatic developments could affect adversely the economy of a foreign country. In the event of nationalization, expropriation or other confiscation, the Portfolio could lose its entire investment in securities in the country involved. In addition, laws in foreign countries governing business organizations, bankruptcy and insolvency may provide less protection to security holders such as the Portfolio than that provided by U.S. laws.

U.S. and Foreign Taxes. A Portfolio's investment in foreign securities may be subject to taxes withheld at the source on dividend or interest payments. Foreign taxes paid by a Portfolio may be creditable or deductible by U.S. shareholders for U.S. income tax purposes. No assurance can be given that applicable tax laws and interpretations will not change in the future. Moreover, non-U.S. investors may not be able to credit or deduct such foreign taxes.

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MANAGEMENT OF THE PORTFOLIO

Investment Adviser

The Portfolio's Adviser is Alliance Capital Management, L.P., 1345 Avenue of the Americas, New York, New York 10105. Alliance is a leading international investment manager supervising client accounts with assets as of December 31, 2000, totaling more than \$454 billion (of which more than \$175 billion represented the assets of investment companies). As of December 31, 2000, Alliance managed retirement assets for many of the largest public and private employee benefit plans (including 43 of the nation's FORTUNE 100 companies), for public employee retirement funds in 41 states, for investment companies and for foundations, endowments, banks and insurance companies worldwide. The 50 registered investment companies managed by Alliance, comprising 139 separate portfolios currently have more than 6.5 million shareholder accounts.

Alliance provides investment advisory services and order placement facilities for the Portfolio. For these advisory services, for the fiscal year ended December 31, 2000 the Portfolio paid Alliance 1.00% as a percentage of average net assets net of waivers and/or reimbursements.

Portfolio Manager

Alfred Harrison is the person who is primarily responsible for the day-to-day management of the Portfolio. Mr. Harrison has held such position since the inception of the Portfolio. Mr. Harrison is Director and Vice Chairman of Alliance Capital Management Corporation, the sole general partner of Alliance, with which he has been associated since prior to 1996.

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PURCHASE AND SALE OF SHARES

How The Portfolio Value Its Shares

The Portfolio's net asset value or NAV is calculated at 4:00 p.m., Eastern time, each day the Exchange is open for business. To calculate NAV, the Portfolio's assets are valued and totaled, liabilities are subtracted, and the balance, called net assets, is divided by the number of shares outstanding. The Portfolio values its securities at their current market value determined on the basis of market quotations or, if such quotations are not readily available, such other methods as the Portfolio's Directors believe accurately reflect fair market value. The Portfolio may invest in securities that are primarily listed on foreign exchanges and trade on weekends or other days when the fund does not price its shares. The Portfolio's NAVs may change on days when shareholders will not be able to purchase or redeem the Portfolio's shares.

Your order for purchase or sale of shares is priced at the next NAV calculated after your order is received by the Portfolio.

How To Purchase and Sell Shares

The Portfolio offers its shares through the separate accounts of life insurance companies. You may only purchase and sell shares through these separate accounts. See the prospectus of the separate account of the participating insurance company for information on the purchase and sale of the Portfolios' shares.

DIVIDENDS, DISTRIBUTIONS AND TAXES

The Portfolio declares dividends on its shares at least annually. The income and capital gains distribution will be made in shares of the Portfolio.

See the prospectus of the separate account of the participating insurance company for federal income tax information.

Investment income received by the Portfolio from sources within foreign countries may be subject to foreign income taxes withheld at the source. Provided that certain code requirements are met, the Portfolio may "pass-through" to its shareholders credits or deductions to foreign income taxes paid.

DISTRIBUTION ARRANGEMENTS

This Prospectus offers Class B shares of the Portfolios. The Class B shares have an asset-based sales charge or Rule 12b-1 fee. Each Portfolio has adopted a plan under Commission Rule 12b-1 that allows the Portfolio to pay asset-based sales charges or distribution fees for the distribution and sale of its shares. The amount of these fees for the Class B shares as a percentage of average daily net assets is 0.25%. Because these fees are paid out of a Portfolio's assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales fees.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the financial performance of the Fund's Class B shares. The information reflects the financial results of the Portfolio's Class B shares for the period ending December 31, 2000. The total returns in the table represent the rate than an investor would have earned (or lost) on an investment in the Class B shares of the Portfolio (assuming reinvestment of dividends and distributions). The information has been audited by Ernst & Young LLP, the Fund's independent auditors, whose report, along with each Portfolio's financial statements, is included in the Portfolio's annual report, which is available upon request.

Premier Growth Portfolio

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Net asset value, beginning of period	\$ 40.45	\$ 31.03	\$ 20.99	\$ 15.70	\$ 17.80
Income From Investment Operations					
Net investment income (loss)(b)	(.11)	(.09)	(.01)(a)	.04(a)	.08(a)
Net realized and unrealized gain (loss) on investment transactions	(6.18)	9.98	10.08	5.27	3.29
Net increase (decrease) in net asset value from operations	(6.29)	9.89	10.07	5.31	3.37
Less: Dividends and Distributions					
Dividends from net investment income	-0-	-0-	(.03)	(.02)	(.10)
Distributions from net realized gains	(2.11)	(.47)	-0-	-0-	(5.37)
Total dividends and distributions	(2.11)	(.47)	(.03)	(.02)	(5.47)
Net asset value, end of period	\$ 32.05	\$ 40.45	\$ 31.03	\$ 20.99	\$ 15.70
Total Return					
Total investment return based on net asset value(c)	(16.58)%	32.32%	47.97%	33.86%	22.70%
Ratios/Supplemental Data					
Net assets, end of period (000's omitted)	\$2,148,332	\$2,345,563	\$1,247,254	\$472,326	\$96,434
Ratios to average net assets of:					
Expenses, net of waivers and reimbursements	1.04%	1.05%	1.06%	.95%	.95%
Expenses, before waivers and reimbursements	1.04%	1.05%	1.09%	1.10%	1.23%
Net investment income (loss)	(.29)%	(.27)%	(.04)(a)	.21(a)	.52(a)
Portfolio turnover rate	41%	26%	31%	27%	32%

(a) Commencement of distribution.

(b) Total investment return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption on the last day of the period. Total investment return calculated for a period of less than one year is not annualized.

(c) Annualized.

(d) Based on average shares outstanding.

For more information about the Portfolio, the following documents are available upon request:

Annual/Semi-annual Reports to Shareholders

The Portfolio's annual and semi-annual reports to shareholders contain additional information on the Portfolio's investments. In the annual report, you will find a discussion of the market conditions and investment strategies that significantly affected a Portfolio's performance during its last fiscal year.

Statement of Additional Information (SAI)

The Portfolio has an SAI, which contains more detailed information about the Portfolio, including its operations and investment policies. The Portfolio's SAI is incorporated by reference into (and is legally part of) this Prospectus.

You may request a free copy of the current annual/semi-annual report or the SAI, or make shareholder inquiries of the Portfolio, by contacting your broker or other financial intermediary, or by contacting Alliance:

By mail: c/o Alliance Global Investor Services, Inc.
P.O. Box 1520
Secaucus, NJ 07096-1520

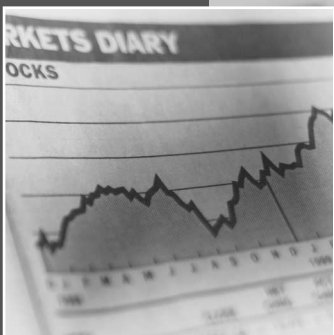
By phone: For Information: (800) 221-5672
For Literature: (800) 227-4618

Or you may view or obtain these documents from the Commission:

- Call the Commission at 1-202-942-8090 for information on the operation of the Public Reference Room.
- Reports and other information about the Portfolio is available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>.
- Copies of the information may be obtained, after paying a fee, by electronic request at publicinfo@sec.gov, or by writing the Commission's Public Reference Section, Washington, DC 20549-0102.

You also may find more information about Alliance and the Portfolio on the internet at: www.Alliancecapital.com.

File No: 811-05398



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Your AMERICAN CENTURY
prospectus inside

VP Value Fund

May 1, 2001



Your
AMERICAN CENTURY
prospectus

VP Value Fund

MAY 1, 2001

The Securities and Exchange Commission has not approved or disapproved these securities or determined if this Prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.

American Century Investment
Services, Inc.




AMERICAN
CENTURY®

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Table of Contents

Throughout this book you'll find definitions of key investment terms and phrases. When you see a word printed in **blue italics**, look for its definition in the left margin.

 This symbol highlights special information and helpful tips.

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An Overview of the Fund

What are the fund's investment objectives?

This fund seeks long-term capital growth. Income is a secondary objective.

What are the fund's primary investment strategy and principal risks?

In selecting stocks for VP Value, the fund managers look for stocks of companies that they believe are undervalued at the time of purchase. A more detailed description of the fund's value investment strategy begins on page 5.

The fund's principal risks include

- **Market Risk** – The value of a fund's shares will go up and down based on the performance of the companies whose securities it owns and other factors generally affecting the securities market.
- **Price Volatility** – The value of a fund's shares may fluctuate significantly in the short term.
- **Principal Loss** – As with all mutual funds, it is possible to lose money by investing in the fund.
- **Style Risk** – If the fund's investment style is out of favor with the market, the fund's performance may suffer.

Who *may* want to invest in the fund?


The fund may be a good investment if you are

- seeking long-term capital growth from your investment
- seeking an equity fund that utilizes a value style of investing
- comfortable with the risks associated with the fund's investment strategy

Who *may not* want to invest in the fund?

The fund may not be a good investment if you are

- investing for a short period of time
- uncomfortable with volatility in the value of your investment

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

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Fund Performance History

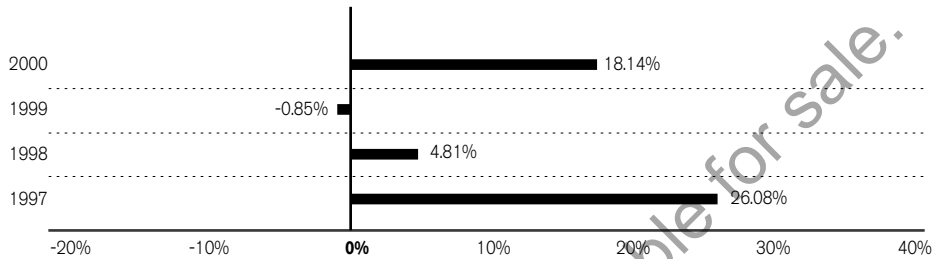


The performance information on this page is designed to help you see how the fund's returns can vary. Keep in mind that past performance does not predict how the fund will perform in the future.

VP Value Fund

Annual Total Returns

The following bar chart shows the performance of the fund's shares for each full calendar year in the life of the fund. It indicates the volatility of the fund's historical returns from year to year.



The highest and lowest returns for the period reflected in the bar chart are:

	Highest	Lowest
VP Value	18.09% (2Q1999)	-11.05% (3Q1999)

Average Annual Total Returns

The following table shows the average annual total returns of the fund's shares for the periods indicated. The benchmarks are unmanaged indices that have no operating costs and are included in the table for performance comparison. The S&P 500 is viewed as a broad measure of U.S. Stock performance. The Lipper Multicap Value Index is an index of multicap value funds that have management styles similar to the fund's.

For the calendar year ended December 31, 2000	1 year	Life of Fund ⁽¹⁾
VP Value	18.14%	12.59%
S&P 500 Index	-9.10%	18.05%
Lipper Multicap Value Index	9.64%	12.99%

⁽¹⁾ The inception date for VP Value is May 1, 1996.

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Objectives, Strategies and Risks

VP Value Fund

What are the fund's investment objectives?

The fund seeks long-term capital growth by investing primarily in common stocks. Income is a secondary objective.

How does the fund pursue its investment objective?

The fund managers look for stocks of companies that they believe are undervalued at the time of purchase. The managers use a value investment strategy that looks for companies that are temporarily out of favor in the market. The managers attempt to purchase the stocks of these undervalued companies and hold them until they have returned to favor in the market and their stock prices have gone up.

Companies may be undervalued due to market declines, poor economic conditions, actual or anticipated bad news regarding the issuer or its industry, or because they have been overlooked by the market. To identify these companies, the fund managers look for companies with earnings, cash flows and/or assets that may not be reflected accurately in the companies' stock prices or may be outside the companies' historical ranges.

The fund managers do not attempt to time the market. Instead, under normal market conditions, they intend to keep at least 80% of the fund's assets invested in stocks regardless of the movement of stock prices generally. When the managers believe it is prudent, the fund may invest a portion of its assets in convertible debt securities, equity-equivalent securities, foreign securities, short-term instruments, bonds, notes and debt securities of companies, debt obligations of governments and their agencies, *nonleveraged* stock index futures contracts and other similar securities. Stock index futures contracts, a type of derivative security, can help the fund's cash assets remain liquid while performing more like stocks. The fund has a policy governing stock index futures contracts and similar derivative securities to help manage the risk of these types of investments. For example, the fund managers cannot invest in a derivative security if it would be possible for a fund to lose more money than it invested. A complete description of the derivatives policy is included in the Statement of Additional Information.

In the event of exceptional market or economic conditions, the fund may, as a temporary defensive measure, invest all or a substantial portion of its assets in cash or high-quality, short-term debt securities. To the extent the fund assumes a defensive position, it will not be pursuing its objective of capital growth. The fund generally limits its purchase of debt securities to investment-grade obligations, except for convertible debt securities, which may be rated below investment grade.

Additional information about the fund's investments is available in its annual and semiannual reports. In these reports you will find a discussion of the market conditions and investment strategies that significantly affected the fund's performance during the most recent fiscal period. You may get these reports at no cost by calling the insurance company from which you purchased the shares or by calling us.



Nonleveraged means that the fund may not invest in futures contracts when it would be possible to lose more than the fund invested.

What are the principal risks of investing in the fund?

The value of the fund's shares depends on the value of the stocks and other securities it owns. The value of the individual securities the fund owns will go up and down depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence.

As with all funds, at any given time your shares may be worth more or less than the price you paid for them. As a result, it is possible to lose money by investing in the fund.

If the market does not consider the individual stocks purchased by the fund to be undervalued, the value of the fund's shares may not rise as high as other funds and may in fact decline, even if stock prices generally are increasing.

Market performance tends to be cyclical, and, in the various cycles, certain investment styles may fall in and out of favor. If the market is not favoring the fund's style, the fund's gains may not be as big as, or its losses may be bigger than, other equity funds using different investment styles.

Although the fund managers intend to invest the fund's assets primarily in U.S. stocks, the funds may invest in securities of foreign companies. Foreign investment involves additional risks, including fluctuations in currency exchange rates, less stable political and economical structures, reduced availability of public information, and lack of uniform financial reporting and regulatory practices similar to those that apply in the United States. These factors make investing in foreign securities generally riskier than investing in U.S. stocks.

The fund is offered only to insurance companies for the purpose of offering the fund as an investment option under variable annuity or variable life insurance contracts. Although the fund does not foresee any disadvantages to contract owners due to the fact that it offers its shares as an investment medium for both variable annuity and variable life products, the interests of various contract owners participating in the fund might, at some time, be in conflict due to future differences in tax treatment of variable products or other considerations. Consequently, the fund's Board of Directors will monitor events in order to identify any material irreconcilable conflicts that may possibly arise and to determine what action, if any, should be taken in response to such conflicts. If a conflict were to occur, an insurance company separate account might be required to withdraw its investments in the fund, and the fund might be forced to sell securities at disadvantageous prices to redeem such investments.

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Management

Who manages the fund?

The Board of Directors, investment advisor and fund management team play key roles in the management of the fund.

The Board of Directors

The Board of Directors oversees the management of the fund and meets at least quarterly to review reports about fund operations. Although the Board of Directors does not manage the fund, it has hired an investment advisor to do so. More than two-thirds of the directors are independent of the fund's advisor; that is, they are not employed by and have no financial interest in the advisor.

The Investment Advisor

The fund's investment advisor is American Century Investment Management, Inc. The advisor has been managing mutual funds since 1958 and is headquartered at 4500 Main Street, Kansas City, Missouri 64111.

The advisor is responsible for managing the investment portfolios of the fund and directing the purchase and sale of its investment securities. The advisor also arranges for transfer agency, custody and all other services necessary for the fund to operate.

For the services it provided to the fund during the most recent fiscal year, the advisor received a unified management fee of 1.00% of the average net assets of the fund. The amount of the management fee is calculated daily and paid monthly in arrears.

Out of that fee, the advisor paid all expenses of managing and operating the fund except brokerage expenses, taxes, interest, fees and expenses of the independent directors (including legal counsel fees), and extraordinary expenses. A portion of the management fee may be paid by the fund's advisor to unaffiliated third parties who provide record-keeping and administrative services that would otherwise be performed by an affiliate of the advisor.

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The Fund Management Team

The advisor uses a team of portfolio managers, assistant portfolio managers and analysts to manage the fund. The team meets regularly to review portfolio holdings and discuss purchase and sale activity. Team members buy and sell securities for the fund as they see fit, guided by the fund's investment objective and strategy.

The portfolio managers on the investment team are identified below:

Code of Ethics

American Century has a Code of Ethics designed to ensure that the interests of fund shareholders come before the interests of the people who manage the fund. Among other provisions, the Code of Ethics prohibits portfolio managers and other investment personnel from buying securities in an initial public offering or profiting from the purchase and sale of the same security within 60 calendar days. In addition, the Code of Ethics requires portfolio managers and other employees with access to information about the purchase or sale of securities by the fund to obtain approval before executing permitted personal trades.

Phillip N. Davidson

Mr. Davidson, Senior Vice President and Senior Portfolio Manager, has been a member of the team that manages VP Value since May 1996. He joined American Century in September 1993 as a Portfolio Manager. Prior to joining American Century, he spent 11 years at Boatmen's Trust Company in St. Louis and served as Vice President and Portfolio Manager responsible for institutional value equity clients. He has a bachelor's degree in finance and an MBA from Illinois State University. He is a Chartered Financial Analyst.

Scott A. Moore

Mr. Moore, Vice President and Portfolio Manager, has been a member of the team that manages VP Value since October 1996 and Portfolio Manager since February 1999. He joined American Century in August 1993 as an Investment Analyst. He has a bachelor's degree in finance from Southern Illinois University and an MBA in finance from the University of Missouri-Columbia. He is a Chartered Financial Analyst.

Fund Performance

VP Value has the same management team and investment policies as another fund in the American Century family of funds. The fees and expenses of the funds are expected to be similar, and they will be managed with substantially the same investment objective and strategies. Notwithstanding these general similarities, this fund and the retail fund are separate mutual funds that will have different investment performance. Differences in cash flows into the two funds, the size of their portfolios and specific investments held by the two funds, as well as the additional expenses of the insurance product, will cause performance to differ.

Please consult the separate account prospectus for a description of the insurance product through which the fund is offered and its associated fees.

Fundamental Investment Policies

Fundamental investment policies contained in the Statement of Additional Information and the investment objective of the fund may not be changed without shareholder approval. The Board of Directors may change any other policies and investment strategies.

Share Price, Distributions and Taxes

Purchase and Redemption of Shares

For instructions on how to purchase and redeem shares, read the prospectus of your insurance company separate account. Your order will be priced at the net asset value next determined after your request is received in the form required by the insurance company separate account. There are no sales commissions or redemption charges. However, certain sales or deferred sales charges and other charges may apply to the variable annuity or life insurance contracts. Those charges are disclosed in the separate account prospectus.

Abusive Trading Practices

We do not permit market timing or other abusive trading practices in our funds.

Excessive, short-term (market timing) or other abusive trading practices may disrupt portfolio management strategies and harm fund performance. To minimize harm to the fund and its shareholders, we reserve the right to reject any purchase order (including exchanges) from any investor we believe has a history of abusive trading or whose trading, in our judgment, has been or may be disruptive to a fund. In making this judgment, we may consider trading done in multiple accounts under common ownership or control. We also reserve the right to delay delivery of redemption proceeds up to seven days.

Modifying or Canceling an Investment

Investment instructions are irrevocable. That means that once you have mailed or otherwise transmitted your investment instruction, you may not modify or cancel it. The fund reserves the right to suspend the offering of shares for a period of time, and to reject any specific investment (including a purchase by exchange). Additionally, we may refuse a purchase if, in our judgment, it is of a size that would disrupt the management of a fund.

Share Price

American Century determines the net asset value (NAV) of the fund as of the close of regular trading on the New York Stock Exchange (usually 4 p.m. Eastern time) on each day the Exchange is open. On days when the Exchange is closed (including certain U.S. holidays), we do not calculate the NAV. A fund share's NAV is the current value of the fund's assets, minus any liabilities, divided by the number of fund shares outstanding.

If current market prices of securities owned by a fund are not readily available, the advisor may determine their fair value in accordance with procedures adopted by the fund's Board. Trading of securities in foreign markets may not take place every day the Exchange is open. Also, trading in some foreign markets and on some electronic trading networks may take place on weekends or holidays when a fund's NAV is not calculated. So, the value of a fund's portfolio may be affected on days when you can't purchase or redeem shares of the fund.

We will price your purchase, exchange or redemption at the NAV next determined after the insurance company separate account receives your transaction request in good order.

Capital gains are increases in the values of capital assets, such as stock, from the time the assets are purchased.

Distributions

Federal tax laws require the fund to make distributions to its shareholders in order to qualify as a “regulated investment company.” Qualification as a regulated investment company means the fund will not be subject to state or federal income tax on amounts distributed. The distributions generally consist of dividends and interest received by a fund, as well as *capital gains* realized by a fund on the sale of its investment securities. The fund generally pays distributions from net income and capital gains, if any, once a year in March. The fund may make more frequent distributions, if necessary, to comply with Internal Revenue Code provisions.

You will participate in fund distributions when they are declared, starting the next business day after your purchase is effective. For example, if you purchase shares on a day a distribution is declared, you will not receive that distribution. If you redeem shares, you will receive any distribution declared on the day you redeem. If you redeem all shares, we will include any distributions received with your redemption proceeds. All distributions from the fund will be invested in additional shares.

Provided that all shareholders agree, the fund may utilize the consent dividend provision of Internal Revenue Code section 565 which treats the income earned by the fund as distributed to the shareholders as of the end of the taxable year.

Taxes

Consult the prospectus of your insurance company separate account for a discussion of the tax status of your variable contract.

Contract described herein is no longer available for sale.

Financial Highlights

Understanding the Financial Highlights

The table on the next page itemizes what contributed to the changes in share price during the most recently ended fiscal year. It also shows the changes in share price for this period in comparison to changes over the last five fiscal years or less, if the fund is not five years old.

On a per-share basis, the table includes as appropriate

- share price at the beginning of the period
- investment income and capital gains or losses
- distributions of income and capital gains paid to investors
- share price at the end of the period

The table also includes some key statistics for the period as appropriate

- **Total Return** – the overall percentage of return of the fund, assuming the reinvestment of all distributions
- **Expense Ratio** – the operating expenses of the fund as a percentage of average net assets
- **Net Income Ratio** – the net investment income of the fund as a percentage of average net assets
- **Portfolio Turnover** – the percentage of the fund's buying and selling activity

The Financial Highlights have been audited by Deloitte & Touche LLP, independent auditors. Their Independent Auditors' Report and the financial statements are included in the fund's Annual Report, which is available upon request.

Contract described herein is no longer available for sale.

VP Value Fund

For a Share Outstanding Throughout the Years Ended December 31 (except as noted)

Per-Share Data

	2000	1999	1998	1997	1996 ⁽¹⁾
Net Asset Value, Beginning of Period	\$5.95	\$6.73	\$6.93	\$5.58	\$5.00
Income From Investment Operations					
Net Investment Income	0.08	0.08	0.08 ⁽²⁾	0.07	0.05
Net Realized and Unrealized Gain (Loss) on Investment Transactions	0.90	(0.15)	0.27	1.37	0.56
Total From Investment Operations	0.98	(0.07)	0.35	1.44	0.61
Distributions					
From Net Investment Income	(0.07)	(0.07)	(0.04)	(0.04)	(0.03)
From Net Realized Gains on Investment Transactions	—	(0.57)	(0.51)	(0.05)	—
In excess of Net Realized Gains on Investment Transactions	(0.19)	(0.07)	—	—	—
Total Distributions	(0.26)	(0.71)	(0.55)	(0.09)	(0.03)
Net Asset Value, End of Period	\$6.67	\$5.95	\$6.73	\$6.93	\$5.58
Total Return⁽³⁾	18.14%	(0.85)%	4.81%	26.08%	12.28%

Ratios/Supplemental Data

	2000	1999	1998	1997	1996 ⁽¹⁾
Ratio of Operating Expenses to Average Net Assets	1.00%	1.00%	1.00%	1.00%	1.00% ⁽⁴⁾
Ratio of Net Investment Income to Average Net Assets	1.81%	1.40%	1.21%	1.60%	1.98% ⁽⁴⁾
Portfolio Turnover Rate	159%	118%	158%	138%	49%
Net Assets, End of Period (in thousands)	\$672,214	\$416,166	\$316,624	\$188,015	\$23,894

⁽¹⁾ May 1, 1996 (inception) through December 31, 1996.

⁽²⁾ Computed using average shares outstanding throughout the year.

⁽³⁾ Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

⁽⁴⁾ Annualized.

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More information about the fund is contained in these documents.

Annual and Semiannual Reports

Annual and semiannual reports contain more information about the fund's investments and the market conditions and investment strategies that significantly affected the fund's performance during the most recent fiscal period.

Statement of Additional Information (SAI)

The SAI contains a more detailed, legal description of the fund's operations, investment restrictions, policies and practices. The SAI is incorporated by reference into this Prospectus. This means that it is legally part of this Prospectus, even if you don't request a copy.

You may obtain a free copy of the SAI or annual and semiannual reports, and ask questions about the fund or your

accounts, by contacting the insurance company from which you purchased the fund or American Century at the address or telephone numbers listed below.

You also can get information about the fund (including the SAI) from the Securities and Exchange Commission (SEC). The SEC charges a duplicating fee to provide copies of this information.

In person

SEC Public Reference Room
Washington, D.C.
Call 202-942-8090 for location and hours.

On the Internet

- EDGAR database at www.sec.gov
- By email request at publicinfo@sec.gov

By mail

SEC Public Reference Section
Washington, D.C. 20549-0102

Investment Company Act File No. 811-5188

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CENTURY®

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1-800-345-6488 or 816-531-5575

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Investment Professional Service Representative
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Fax
816-340-4360

Telecommunications Device for the Deaf
1-800-634-4113 or 816-444-3485



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COMPANIES

CREDIT SUISSE WARBURG PINCUS FUNDS

CREDIT
SUISSE | ASSET
MANAGEMENT

PART III

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

PROSPECTUS

May 1, 2001

CREDIT SUISSE WARBURG PINCUS TRUST

■ GLOBAL POST-VENTURE CAPITAL PORTFOLIO

Credit Suisse Warburg Pincus Trust shares are not available directly to individual investors, but may be offered only through certain insurance products and pension and retirement plans.

As with all mutual funds, the Securities and Exchange Commission has not approved these securities, nor has it passed upon the adequacy or accuracy of this *Prospectus*. It is a criminal offense to state otherwise.

The Trust is advised by Credit Suisse Asset Management, LLC.

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KEY POINTS

GOAL AND PRINCIPAL STRATEGIES

PORTFOLIO/RISK FACTORS	GOAL	STRATEGIES
GLOBAL POST-VENTURE CAPITAL PORTFOLIO Risk factors: <i>Market risk</i> <i>Foreign securities</i> <i>Start-up and other small companies</i> <i>Special-situation companies</i>	Long-term growth of capital	<ul style="list-style-type: none"> ■ Invests primarily in equity securities of U.S. and foreign companies considered to be in their post-venture-capital stage of development ■ May invest in companies of any size ■ Takes a growth investment approach to identifying attractive post-venture-capital investments

PART III

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

INVESTOR PROFILE

This portfolio is designed for investors who:

- have longer time horizons
- are willing to assume the risk of losing money in exchange for attractive potential long-term returns
- want to diversify their investments internationally
- are investing for growth or capital appreciation
- want to diversify their investments with more aggressive stock funds

It may NOT be appropriate if you:

- are investing for a shorter time horizon
- are uncomfortable with an investment that has a higher degree of volatility
- want to limit your exposure to foreign securities
- are looking primarily for income

You should base your investment decision on your own goals, risk preferences and time horizon.

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A WORD ABOUT RISK

All investments involve some level of risk. Simply defined, risk is the possibility that you will lose money or not make money.

Principal risk factors for the portfolio are discussed below. Before you invest, please make sure you understand the risks that apply to the portfolio. As with any mutual fund, you could lose money over any period of time.

Investments in the portfolio are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

MARKET RISK

The market value of a security may move up and down, sometimes rapidly and unpredictably. These fluctuations, which are often referred to as “volatility,” may cause a security to be worth less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy, or the market as a whole. Market risk is common to most investments—including stocks and bonds, and the mutual funds that invest in them.

FOREIGN SECURITIES

A portfolio that invests outside the U.S. carries additional risks that include:

- **Currency risk** Fluctuations in exchange rates between the U.S. dollar and foreign currencies may negatively affect an investment. Adverse changes in exchange rates may erode or reverse any gains produced by foreign-

currency denominated investments and may widen any losses. The portfolio may, but is not required to, seek to reduce currency risk by hedging part or all of its exposure to various foreign currencies.

- **Information risk** Key information about an issuer, security or market may be inaccurate or unavailable.
- **Political risk** Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company or industry. Any of these actions could have a severe effect on security prices and impair the portfolio’s ability to bring its capital or income back to the U.S. Other political risks include economic-policy changes, social and political instability, military action and war.

START-UP AND OTHER SMALL COMPANIES

Start-up and other small companies may have less-experienced management, limited product lines, unproven track records or inadequate capital reserves. Their securities may carry increased market, liquidity and other risks. Key information about the company may be inaccurate or unavailable.

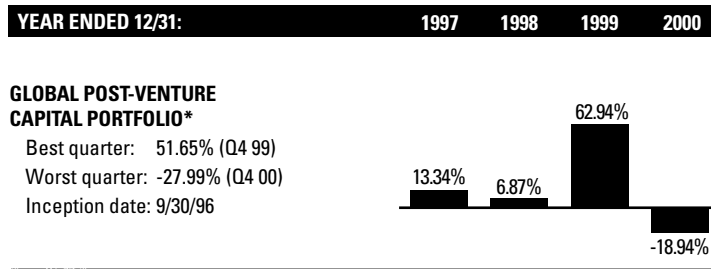
SPECIAL-SITUATION COMPANIES

“Special situations” are unusual developments that affect a company’s market value. Examples include mergers, acquisitions and reorganizations. Securities of special-situation companies may decline in value if the anticipated benefits of the special situation do not materialize.

PERFORMANCE SUMMARY

The bar chart below and the table on the next page provide an indication of the risks of investing in this portfolio. The bar chart shows you how the portfolio's performance has varied from year to year for up to 10 years. The table compares the portfolio's performance over time to that of a broadly based securities market index and other indexes. The bar chart and table do not reflect additional charges and expenses which are, or may be, imposed under the variable contracts or plans; such charges and expenses are described in the prospectus of the insurance company separate account or in the plan documents or other informational materials supplied by plan sponsors. Inclusion of these charges and expenses would reduce the total return for the periods shown. As with all mutual funds, past performance is not a prediction of the future.

YEAR-BY-YEAR TOTAL RETURNS



* Effective May 1, 2000, the Global Post-Venture Capital Portfolio changed its investment strategies and policies to permit the portfolio to invest without limit in foreign securities and to require the portfolio to invest in at least three countries, including the U.S. Prior to that date, the portfolio's investments in foreign securities were limited to 20% of total assets and the portfolio was not required to invest outside the U.S.

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AVERAGE ANNUAL TOTAL RETURNS

PERIOD ENDED 12/31/00:	ONE YEAR 2000	FIVE YEARS 1996–2000	10 YEARS 1991–2000	LIFE OF FUND	INCEPTION DATE
GLOBAL POST-VENTURE CAPITAL PORTFOLIO ¹	-18.94%	NA	NA	11.03%	9/30/96
RUSSELL 2000 GROWTH INDEX ²	-22.43%	NA	NA	8.86%	
RUSSELL 2500 GROWTH INDEX ³	-16.09%	NA	NA	13.31%	
NASDAQ INDUSTRIALS INDEX ⁴	-33.77%	NA	NA	7.11%	

¹ Effective May 1, 2000, the Global Post-Venture Capital Portfolio changed its investment strategies and policies to permit the portfolio to invest without limit in foreign securities and to require the portfolio to invest in at least three countries, including the U.S. Prior to that date, the portfolio's investments in foreign securities were limited to 20% of total assets and the portfolio was not required to invest outside the U.S.

² The Russell 2000 Growth Index is an unmanaged index (with no defined investment objective) of those securities in the Russell 2000 Index with a greater-than-average growth orientation. The Russell 2000 Growth Index includes reinvestment of dividends, and is compiled by Frank Russell Company.

³ The Russell 2500 Growth Index measures the performance of those companies in the Russell 2500 Index with higher price-to-book values and higher forecasted growth rates. The Russell 2500 Index is composed of the 2,500 smallest companies in the Russell 3000 Index, which measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

⁴ The Nasdaq Industrials Index measures the stock price performance of more than 3,000 industrial issues included in the Nasdaq OTC Composite Index. The Nasdaq OTC Composite Index represents 4,500 stocks traded over the counter.

UNDERSTANDING PERFORMANCE

- **Total return** tells you how much an investment in the portfolio has changed in value over a given time period. It assumes that all dividends and capital gains (if any) were reinvested in additional shares. The change in value can be stated either as a *cumulative return* or as an *average annual rate of return*.
- A **cumulative total return** is the actual return of an investment for a specified period. The *year-by-year total returns* in the bar chart are examples of one-year cumulative total returns.
- An **average annual total return** applies to periods longer than one year. It smoothes out the variations in year-by-year performance to tell you what *constant* annual return would have produced the investment's actual cumulative return. This gives you an idea of an investment's annual contribution to your portfolio, *assuming* you held it for the entire period.
- Because of compounding, the average annual total returns in the table cannot be computed by averaging the returns in the bar chart.

INVESTOR EXPENSES

FEES AND PORTFOLIO EXPENSES

This table describes the fees and expenses you may bear as a shareholder. Annual portfolio operating expense figures are for the fiscal year ended December 31, 2000. The table does not reflect additional charges and expenses which are, or may be, imposed under the variable contracts or plans; such charges and expenses are described in the prospectus of the insurance company separate account or in the plan documents or other informational materials supplied by plan sponsors.

Shareholder fees (paid directly from your investment)	
Sales charge "load" on purchases	NONE
Deferred sales charge "load"	NONE
Sales charge "load" on reinvested distributions	NONE
Redemption fees	NONE
Exchange fees	NONE
Annual portfolio operating expenses (deducted from fund assets)	
Management fee	1.25%
Distribution and service (12b-1) fee	NONE
Other expenses	.28%
Total annual portfolio operating expenses*	1.53%

* Actual fees and expenses for the fiscal year ended December 31, 2000 are shown below. Fee waivers, expense reimbursements or credits reduced expenses for the portfolio during 2000 but may be discontinued at any time:

**EXPENSES AFTER
WAIVERS,
REIMBURSEMENTS
OR CREDITS**

Management fee	1.14%
Distribution and service (12b-1) fee	NONE
Other expenses	<u>.26%</u>
Total annual portfolio operating expenses	1.40%

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EXAMPLE

This example may help you compare the cost of investing in the portfolio with the cost of investing in other mutual funds. Because it uses hypothetical conditions, your actual costs may be higher or lower.

Assume you invest \$10,000, the portfolio returns 5% annually, expense ratios remain as listed in the first table above (before fee waivers and expense reimbursements and credits), and you close your account at the end of each of the time periods shown. Based on these assumptions, your cost would be:

	ONE YEAR	THREE YEARS	FIVE YEARS	10 YEARS
GLOBAL POST-VENTURE CAPITAL PORTFOLIO	\$156	\$483	\$834	\$1,824

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THE PORTFOLIO IN DETAIL

THE MANAGEMENT FIRMS

CREDIT SUISSE ASSET MANAGEMENT, LLC

466 Lexington Avenue
New York, NY 10017

- Investment adviser for the portfolio
- Responsible for managing the portfolio's assets according to its goal and strategies
- A member of Credit Suisse Asset Management, the institutional asset management and mutual fund arm of Credit Suisse Group (Credit Suisse), one of the world's leading banks
- Credit Suisse Asset Management companies manage approximately \$94 billion in the U.S. and \$298 billion globally
- Credit Suisse Asset Management has offices in 14 countries, including SEC-registered offices in New York and London; other offices (such as those in Budapest, Frankfurt, Milan, Moscow, Paris, Prague, Sydney, Tokyo, Warsaw and Zurich) are not registered with the U.S. Securities and Exchange Commission

For easier reading, Credit Suisse Asset Management, LLC will be referred to as "CSAM" throughout this *Prospectus*.

ABBOTT CAPITAL MANAGEMENT, LLC

50 Rowes Wharf, Suite 240
Boston, MA 02110-3328

- Sub-investment adviser for the portfolio
- Responsible for managing the portfolio's investments in private-equity portfolios
- A registered investment adviser concentrating on venture-capital, buyout, and special-situation investments
- Currently manages approximately \$5.5 billion in assets

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PORTFOLIO INFORMATION KEY

A concise description of the portfolio begins on the next page. The description provides the following information:

GOAL AND STRATEGIES

The portfolio's particular investment goal and the strategies it intends to use in pursuing that goal. Percentages of portfolio assets are based on total assets unless indicated otherwise.

PORTFOLIO INVESTMENTS

The primary types of securities in which the portfolio invests. Secondary investments are described in "More About Risk."

RISK FACTORS

The major risk factors associated with the portfolio. Additional risk factors are included in "More About Risk."

PORTFOLIO MANAGEMENT

The individuals designated by the investment adviser to handle the portfolio's day-to-day management.

INVESTOR EXPENSES

Actual portfolio expenses for the 2000 fiscal year. Future expenses may be higher or lower. Additional expenses are, or may be, imposed under the variable contracts or plans.

- **Management fee** The fee paid to the investment adviser for providing investment advice to the portfolio and compensating the sub-investment adviser of the portfolio. Expressed as a percentage of average net assets after waivers.
- **Other expenses** Fees paid by the portfolio for items such as administration, transfer agency, custody, auditing, legal and registration fees and miscellaneous expenses. Expressed as a percentage of average net assets after waivers, credits and reimbursements.

FINANCIAL HIGHLIGHTS

A table showing the portfolio's audited financial performance for up to five years.

- **Total return** How much you would have earned on an investment in the portfolio, assuming you had reinvested all dividend and capital-gain distributions.
 - **Portfolio turnover** An indication of trading frequency. The portfolio may sell securities without regard to the length of time they have been held. A high turnover rate may increase the portfolio's transaction costs and negatively affect its performance. Portfolio turnover may result in capital-gain distributions that could raise your income-tax liability.
- The *Annual Report* includes the auditor's report, along with the portfolio's financial statements. It is available free upon request.

GOAL AND STRATEGIES

The portfolio seeks long-term growth of capital. To pursue this goal, it invests in equity securities of U.S. and foreign companies considered to be in their post-venture-capital stage of development.

A post-venture-capital company is one that has received venture-capital financing either:

- during the early stages of the company's existence or the early stages of the development of a new product or service, *or*
- as part of a restructuring or recapitalization of the company

In either case, one or more of the following will have occurred within 10 years prior to the portfolio's purchase of the company's securities:

- the investment of venture-capital financing
- distribution of the company's securities to venture-capital investors
- the initial public offering

Under normal market conditions, the portfolio will invest at least 65% of assets in equity securities of post-venture-capital companies. The portfolio may invest in companies of any size. The portfolio may invest without limit in foreign securities and will invest in at least three countries, including the U.S.

PORTFOLIO INVESTMENTS

The portfolio invests primarily in equity securities of post-venture-capital companies. Equity holdings may consist of:

- common and preferred stocks
- warrants
- securities convertible into common stocks
- partnership interests

The portfolio may invest up to 10% of assets in private-equity portfolios that invest in venture-capital companies.

To a limited extent, the portfolio may also engage in other investment practices.

RISK FACTORS

The portfolio's principal risk factors are:

- market risk
- foreign securities
- start-up and other small companies
- special-situation companies

The value of your investment generally will fluctuate in response to stock-market movements. Because the portfolio invests internationally, it carries additional risks, including currency, information and political risks. Investing in start-up and other small companies may expose the portfolio to increased market liquidity and information risks. These risks are defined in "More About Risk."

Post-venture-capital companies are often involved in "special situations." Securities of special-situation companies may decline in value and hurt the portfolio's performance if the anticipated benefits of the special situation do not materialize.

To the extent that it invests in private-equity portfolios, the portfolio takes on additional liquidity, valuation and other risks. "More About Risk" details certain other investment practices the portfolio may use. Please read that section carefully before you invest.

PORTFOLIO MANAGEMENT

Elizabeth B. Dater, Vincent J. McBride, Federico D. Laffan and Greg Norton-Kidd manage the portfolio. Calvin E. Chung assists them. Raymond L. Held and Thaddeus I. Grey manage the portfolio's investments in private-equity portfolios. You can find out more about the portfolio's managers in "Meet the Managers."

INVESTOR EXPENSES

Management fee	1.14%
All other expenses	<u>.26%</u>
Total expenses	1.40%

FINANCIAL HIGHLIGHTS

The figures below have been audited by the portfolio's independent auditors, PricewaterhouseCoopers LLP.

YEAR ENDED:	12/00	12/99	12/98	12/97	12/96 ¹
Per-share data					
Net asset value, beginning of period	\$19.26	\$11.82	\$11.06	\$9.76	\$10.00
Investment activities:					
Net investment loss	(0.09)	(0.08)	(0.04)	(0.08)	0.00
Net gain (loss) from investments and foreign currency related items (both realized and unrealized)	(3.56)	7.52	0.80	1.38	(0.24)
Total from investment activities	(3.65)	7.44	0.76	1.30	(0.24)
Less Distributions:					
Distributions from net realized gains	(1.17)	0.00	0.00	0.00	0.00
Distributions in excess of net realized gains	(0.82)	0.00	0.00	0.00	0.00
Total distributions	(1.99)	0.00	0.00	0.00	0.00
Net asset value, end of period	\$13.62	\$19.26	\$11.82	\$11.06	\$9.76
Total return	(18.94%)	62.94%	6.87%	13.34%	(2.40%) ²
Ratios and supplemental data:					
Net assets, end of period (000s omitted)	\$168,034	\$151,784	\$62,055	\$30,520	\$12,400
Ratio of expenses to average net assets ⁴	1.42%	1.41%	1.40%	1.40%	1.41% ³
Ratio of net income (loss) to average net assets	(.75%)	(.87%)	(.83%)	(.75%)	.80% ³
Decrease reflected in above operating expense ratio due to waivers/reimbursements	.11%	.18%	.30%	.18%	4.16% ³
Portfolio turnover rate	69%	44%	73%	238%	7%

¹ For the period September 30, 1996 (Commencement of Operations) through December 31, 1996.

² Not annualized.

³ Annualized.

⁴ Interest earned on uninvested cash balances is used to offset portions of the transfer agent expenses. These arrangements resulted in a reduction to the portfolio's net expense ratio by .02%, .01%, .00%, .00% and .01% for each of the years or period ended December 31, 2000, 1999, 1998, 1997 and 1996, respectively. The portfolio's operating expense ratio after reflecting these arrangements was 1.40% for each of the years or period ended December 31, 2000, 1999, 1998, 1997 and 1996, respectively.

MORE ABOUT RISK

INTRODUCTION

The portfolio's goal and principal strategies largely determine its risk profile. You will find a concise description of the portfolio's risk profile in "Key Points." The preceding discussion of the portfolio contains more detailed information. This section discusses other risks that may affect the portfolio.

The portfolio may use certain investment practices that have higher risks associated with them. However, the portfolio has limitations and policies designed to reduce many of the risks. The "Certain Investment Practices" table describes these practices and the limitations on their use.

The Portfolio offers its shares to (i) insurance company separate accounts that fund both variable-annuity contracts and variable life insurance contracts and (ii) tax-qualified pension and retirement plans including participant-directed plans which elect to make the portfolio an investment option for plan participants. Due to differences of tax treatment and other considerations, the interests of various variable-annuity contract owners and plan participants participating in the portfolio may conflict. The Board of Trustees will monitor the portfolio for any material conflicts that may arise and will determine what action, if any, should be taken. If a conflict occurs, the Board may require one or more insurance company separate accounts and/or plans to withdraw its investments in the portfolio which may cause the portfolio to sell securities at disadvantageous prices and disrupt orderly portfolio management. The Board also may refuse to sell shares of the portfolio to any variable-annuity contract or plan or may suspend or terminate the offering of shares of the portfolio if such action is required by law or regulatory authority or is in the best interests of the shareholders of the portfolio.

TYPES OF INVESTMENT RISK

The following risks are referred to throughout this *Prospectus*.

Access risk Some countries may restrict the portfolio's access to investments or offer terms that are less advantageous than those for local investors. This could limit the attractive investment opportunities available to the portfolio.

Correlation risk The risk that changes in the value of a hedging instrument will not match those of the investment being hedged.

Credit risk The issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation.

Currency risk Fluctuations in exchange rates between the U.S. dollar and foreign currencies may negatively affect an investment. Adverse changes in exchange rates

may erode or reverse any gains produced by foreign-currency-denominated investments and may widen any losses.

Exposure risk The risk associated with investments (such as derivatives) or practices (such as short selling) that increase the amount of money the portfolio could gain or lose on an investment.

- **Hedged** Exposure risk could multiply losses generated by a derivative or practice used for hedging purposes. Such losses should be substantially offset by gains on the hedged investment. However, while hedging can reduce or eliminate losses, it can also reduce or eliminate gains.
- **Speculative** To the extent that a derivative or practice is not used as a hedge, the portfolio is directly exposed to its risks. Gains or losses from speculative positions in a derivative may be much greater than the derivative's original cost. For example, potential losses from writing uncovered call options and from speculative short sales are unlimited.

Extension risk An unexpected rise in interest rates may extend the life of a mortgage-backed security beyond the expected prepayment time, typically reducing the security's value.

Information risk Key information about an issuer, security or market may be inaccurate or unavailable.

Interest-rate risk Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed-income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values.

Liquidity risk Certain portfolio securities may be difficult or impossible to sell at the time and the price that the portfolio would like. The portfolio may have to lower the price, sell other securities instead or forego an investment opportunity. Any of these could have a negative effect on portfolio management or performance.

Market risk The market value of a security may move up and down, sometimes rapidly and unpredictably. These fluctuations, which are often referred to as "volatility," may cause a security to be worth less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy, or the market as a whole. Market risk is common to most investments—including stocks and bonds, and the mutual funds that invest in them.

Operational risk Some countries have less-developed securities markets (and related transaction, registration and custody practices) that could subject the portfolio to losses from fraud, negligence, delay or other actions.

Political risk Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, or nationalize a company or industry. Any

of these actions could have a severe effect on security prices and impair the portfolio's ability to bring its capital or income back to the U.S. Other political risks include economic policy changes, social and political instability, military action and war.

Prepayment risk Securities with high stated interest rates may be prepaid prior to maturity. During periods of

falling interest rates, the portfolio would generally have to reinvest the proceeds at lower rates.

Valuation risk The lack of an active trading market may make it difficult to obtain an accurate price for a portfolio security.

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CERTAIN INVESTMENT PRACTICES

For each of the following practices, this table shows the applicable investment limitation. Risks are indicated for each practice.

KEY TO TABLE:

- Permitted without limitation; does not indicate actual use
- 20% *Italic type (e.g., 20%)* represents an investment limitation as a percentage of **net** portfolio assets; does not indicate actual use
- 20% Roman type (e.g., 20%) represents an investment limitation as a percentage of **total** portfolio assets; does not indicate actual use
- Permitted, but not expected to be used to a significant extent
- Not permitted

INVESTMENT PRACTICE	LIMIT
Borrowing The borrowing of money from banks to meet redemptions or for other temporary or emergency purposes. <i>Speculative exposure risk.</i>	30%
Country/region focus Investing a significant portion of portfolio assets in a single country or region. Market swings in the targeted country or region will be likely to have a greater effect on portfolio performance than they would in a more geographically diversified equity portfolio. <i>Currency, market, political risks.</i>	□
Currency transactions Instruments, such as options, futures, forwards or swaps, intended to manage portfolio exposure to currency risk or to enhance total return. Options, futures or forwards involve the right or obligation to buy or sell a given amount of foreign currency at a specified price and future date. Swaps involve the right or obligation to receive or make payments based on two different currency rates. <i>Correlation, credit, currency, hedged exposure, liquidity, political, speculative exposure, valuation risks.</i> ¹	■
Emerging markets Countries generally considered to be relatively less developed or industrialized. Emerging markets often face economic problems that could subject a fund to increased volatility or substantial declines in value. Deficiencies in regulatory oversight, market infrastructure, shareholder protections and company laws could expose a fund to risks beyond those generally encountered in developed countries. <i>Access, currency, information, liquidity, market, operational, political, valuation risks.</i>	□
Equity and equity related securities Common stocks and other securities representing or related to ownership in a company. May also include warrants, rights, options, preferred stocks and convertible debt securities. These investments may go down in value due to stock market movements or negative company or industry events. <i>Liquidity, market, valuation risks.</i>	■
Foreign securities Securities of foreign issuers. May include depositary receipts. <i>Currency, information, liquidity, market, operational, political, valuation risks.</i>	■
Futures and options on futures Exchange-traded contracts that enable the portfolio to hedge against or speculate on future changes in currency values, interest rates or stock indexes. Futures obligate the portfolio (or give it the right, in the case of options) to receive or make payment at a specific future time based on those future changes. ¹ <i>Correlation, currency, hedged exposure, interest-rate, market, speculative exposure risks.</i> ²	□
Investment-grade debt securities Debt securities rated within the four highest grades (AAA/Aaa through BBB/Baa) by Standard & Poor's or Moody's rating service, and unrated securities of comparable quality. <i>Credit, interest-rate, market risks.</i>	20%
Mortgage-backed and asset-backed securities Debt securities backed by pools of mortgages, including passthrough certificates and other senior classes of collateralized mortgage obligations (CMOs), or other receivables. <i>Credit, extension, interest-rate, liquidity, prepayment risks.</i>	□
Non-investment-grade debt securities Debt securities rated below the fourth-highest grade (BBB/Baa) by Standard & Poor's or Moody's rating service, and unrated securities of comparable quality. Commonly referred to as junk bonds. <i>Credit, information, interest-rate, liquidity, market, valuation risks.</i>	5%
Options Instruments that provide a right to buy (call) or sell (put) a particular security, currency or index of securities at a fixed price within a certain time period. The portfolio may purchase or sell (write) both put and call options for hedging or speculative purposes. ¹ <i>Correlation, credit, hedged exposure, liquidity, market, speculative exposure, valuation risks.</i>	25%
Private funds Private limited partnerships or other investment funds that themselves invest in equity or debt securities of: <ul style="list-style-type: none"> ■ companies in the venture-capital or post-venture-capital stages of development ■ companies engaged in special situations or changes in corporate control, including buyouts <i>Information, liquidity, market, valuation risks.</i>	10%
Privatization programs Foreign governments may sell all or part of their interests in enterprises they own or control. ¹ <i>Access, currency, information, liquidity, operational, political, valuation risks.</i>	□
Real-estate investment trusts (REITs) Pooled investment vehicles that invest primarily in income-producing real-estate-related loans or interests. <i>Credit, interest-rate, market risks.</i>	□
Restricted and other illiquid securities Certain securities with restrictions on trading, or those not actively traded. May include private placements. <i>Liquidity, market, valuation risks.</i>	15%
Securities lending Lending portfolio securities to financial institutions; the portfolio receives cash, U.S. government securities or bank letters of credit as collateral. <i>Credit, liquidity, market risks.</i>	33 ¹ / ₃ %
Short sales Selling borrowed securities with the intention of repurchasing them for a profit on the expectation that the market price will drop. <i>Liquidity, market, speculative exposure risks.</i>	10%
Short sales "against the box" A short sale when the portfolio owns enough shares of the security involved to cover the borrowed securities, if necessary. <i>Liquidity, market, speculative exposure risks.</i>	10%

INVESTMENT PRACTICE

LIMIT

Special-situation companies Companies experiencing unusual developments affecting their market values. Special situations may include acquisition, consolidation, reorganization, recapitalization, merger, liquidation, special distribution, tender or exchange offer, or potentially favorable litigation. Securities of a special-situation company could decline in value and hurt the portfolio's performance if the anticipated benefits of the special situation do not materialize. *Information, market risks.*

■

Start-up and other small companies Companies with small relative market capitalizations, including those with continuous operations of less than three years. *Information, liquidity, market, valuation risks.*

■

Temporary defensive tactics Placing some or all of the portfolio's assets in investments such as money-market obligations and investment-grade debt securities for defensive purposes. Although intended to avoid losses in adverse market, economic, political or other conditions, defensive tactics might be inconsistent with the portfolio's principal investment strategies and might prevent the portfolio from achieving its goal.

□

Warrants Options issued by a company granting the holder the right to buy certain securities, generally common stock, at a specified price and usually for a limited time. *Liquidity, market, speculative exposure risks.*

10%

When-issued securities and forward commitments The purchase or sale of securities for delivery at a future date; market value may change before delivery. *Liquidity, market, speculative exposure risks.*

20%

¹ The portfolio is not obligated to pursue any hedging strategy. In addition, hedging practices may not be available, may be too costly to be used effectively or may be unable to be used for other reasons.

² The portfolio is limited to 5% of net assets for initial margin and premium amounts on futures positions considered to be speculative by the Commodity Futures Trading Commission.

PART III

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

Contract described herein is no longer available for sale.

MEET THE MANAGERS



Elizabeth B. Dater
Managing Director

- Co-Portfolio Manager, Global Post-Venture Capital Portfolio since inception
- With CSAM since 1999 as a result of Credit Suisse's acquisition of Warburg Pincus Asset Management, Inc. (Warburg Pincus)
- With Warburg Pincus since 1978



Greg Norton-Kidd
Director

- Co-Portfolio Manager, Global Post-Venture Capital Portfolio since February 2001
- With CSAM since August 1999
- Senior Japanese equity salesman with the Flemings Group, 1990 to July 1999



Vincent J. McBride
Managing Director

- Co-Portfolio Manager, Global Post Venture Capital Portfolio since February 2001
- With CSAM since 1999 as a result of Credit Suisse's acquisition of Warburg Pincus
- With Warburg Pincus since 1994



Calvin E. Chung
Vice President

- Associate Portfolio Manager, Global Post-Venture Capital Portfolio since May 2000
- With CSAM since January 2000
- Vice President and senior technology equity analyst at Eagle Asset Management, 1997 to 1999
- Graduate student at the University of Chicago, 1995 to 1997



Federico D. Laffan
Director

- Co-Portfolio Manager, Global Post-Venture Capital Portfolio since May 2000
- With CSAM since 1999 as a result of Credit Suisse's acquisition of Warburg Pincus
- With Warburg Pincus since 1997
- Senior manager and partner with Green Cay Asset Management, 1996 to 1997
- Senior portfolio manager and director with Foreign & Colonial Emerging Markets, London, 1990 to 1996

SUB-INVESTMENT ADVISER PORTFOLIO MANAGERS

Global Post-Venture Capital Portfolio

Raymond L. Held and **Thaddeus I. Gray** manage the Global Post-Venture Capital Portfolio's investments in private-equity portfolios. Both are Investment Managers and Managing Directors of Abbott Capital Management LLC, the portfolio's sub-investment adviser. Mr. Held has been with Abbott since 1986, while Mr. Gray joined the firm in 1989.

Job titles indicate position with the investment adviser.

ABOUT YOUR ACCOUNT

SHARE VALUATION

The price of your shares is also referred to as their net asset value (NAV).

The NAV is determined at the close of regular trading on the New York Stock Exchange (NYSE) (usually 4 p.m. Eastern Time) each day the NYSE is open for business. It is calculated by dividing the portfolio's total assets, less its liabilities, by the number of shares outstanding.

The portfolio values its securities based on market quotations when it calculates its NAV. If market quotations are not readily available, securities and other assets are valued by another method that the Board of Trustees believes accurately reflects fair value. Debt obligations that will mature in 60 days or less are valued on the basis of amortized cost, unless the Board determines that using this method would not reflect an investment's value.

Some portfolio securities may be listed on foreign exchanges that are open on days (such as U.S. holidays) when the portfolio does not compute its price. This could cause the value of the portfolio's investments to be affected by trading on days when you cannot buy or sell shares.

The portfolio initially values its investments in private-equity portfolios at cost. After that, the portfolio values these investments according to reports from the private-equity portfolios that the sub-investment adviser generally receives on a quarterly basis. The portfolio's net asset value typically will not reflect interim changes in the values of its private-equity-portfolio investments.

STATEMENTS AND REPORTS

The portfolio produces financial reports, which include among other things a list of the portfolio's holdings, semiannually and updates its prospectus annually. The portfolio generally does not hold shareholder meetings. To reduce expenses by eliminating duplicate mailings to the same address, the portfolio may choose to mail only one report, prospectus or proxy statement, as applicable, to your household, even if more than one person in the household has an account with the portfolio. Please call 800-222-8977 if you would like to receive additional reports, prospectuses or proxy statements.

DISTRIBUTIONS

Investors in the portfolio are entitled to a share of the portfolio's net income and gains on investments. The portfolio passes these earnings along to its shareholders as distributions.

The portfolio earns dividends from stocks and interest from bond, money-market and other investments. These are passed along as dividend distributions. The portfolio realizes capital gains whenever it sells securities for a higher price than it paid for them. These are passed along as capital-gain distributions.

The portfolio typically distributes dividends and capital gains annually, usually in December. Distributions will be reinvested automatically in additional shares of the portfolio.

Estimated year-end distribution information, including record and payment dates will be available late in the year at www.warburg.com or by calling 800-222-8977. Investors are encouraged to consider the potential tax consequences of distributions prior to buying or selling shares of the portfolio.

TAXES

For a discussion of the tax status of a variable contract or pension plan, refer to the prospectus of the sponsoring participating insurance company separate account or plan documents or other informational materials supplied by plan sponsors.

Because shares of the portfolio may be purchased only through variable contracts and plans, income dividends or capital-gain distributions from the portfolio are taxable, if at all, to the participating insurance companies and plans and will be exempt from current taxation of the variable-contract owner or plan participant if left to accumulate within the variable contract or plan.

The portfolio intends to comply with the diversification requirements currently imposed by the Internal Revenue Service on separate accounts of insurance companies as a condition of maintaining the tax-deferred status of variable contracts.

BUYING AND SELLING SHARES

You may not buy or sell shares of the portfolio directly; you may only buy or sell shares through variable-annuity contracts and variable life insurance contracts offered by separate accounts of certain insurance companies or through tax-qualified pension and retirement plans. The portfolio may not be available in connection with a particular contract or plan.

An insurance company's separate accounts buy and sell shares of the portfolio at NAV, without any sales or other charges. Each insurance company receives orders from its contract holders to buy or sell shares of the portfolio on any business day that the portfolio calculates its NAV. If the order is received by the insurance company prior to the close of regular trading on the NYSE, the order will be executed at that day's NAV.

Plan participants may buy shares of the portfolio through their plan by directing the plan trustee to buy shares for their account in a manner similar to that described above for variable annuity and variable life insurance contracts. You should contact your plan sponsor concerning the appropriate procedure for investing in the portfolio.

The portfolio reserves the right to:

- refuse any specific purchase or exchange request, including those from any person or group who, in the portfolio's view, is likely to engage in excessive trading
- change or discontinue its exchange privilege after 30 days' notice to current investors, or temporarily suspend this privilege during unusual market conditions
- make a "redemption in kind"—payment in portfolio securities rather than cash—for certain large redemption amounts that could hurt portfolio operations
- suspend redemptions or postpone payment dates as permitted by the Investment Company Act of 1940 (such as during periods other than weekends or holidays when the NYSE is closed or trading on the NYSE is restricted, or any other time that the SEC permits)
- stop offering the portfolio's shares for a period of time (such as when management believes that a substantial increase in assets could adversely affect it)

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FOR MORE INFORMATION

This *Prospectus* is intended for use in connection with certain insurance products and pension and retirement plans. Please refer to the prospectus of the sponsoring participating insurance company separate account or to the plan documents or other informational materials supplied by plan sponsors for information regarding distributions and instructions on purchasing or selling a variable contract and on how to select a portfolio as an investment option for a variable contract or plan. More information about the portfolio is available free upon request, including the following:

ANNUAL/SEMIANNUAL REPORTS TO SHAREHOLDERS

Includes financial statements, portfolio investments and detailed performance information.

The *Annual Report* also contains a letter from the portfolio's managers discussing market conditions and investment strategies that significantly affected portfolio performance during its past fiscal year.

OTHER INFORMATION

A current *Statement of Additional Information (SAI)*, which provides more details about the portfolio, is on file with the Securities and Exchange Commission (SEC) and is incorporated by reference.

You may visit the SEC's Internet Web site (www.sec.gov) to view the *SAI*, material incorporated by reference and other information. You can also obtain

copies by visiting the SEC's Public Reference Room in Washington, DC (phone 202-942-8090) or by sending your request and a duplicating fee to the SEC's Public Reference Section, Washington, DC 20549-6009 or electronically at publicinfo@sec.gov.

Please contact the Trust to obtain, without charge, the *SAI*, *Annual* and *Semiannual Reports* and portfolio holdings and other information, and to make shareholder inquiries:

BY TELEPHONE:
800-222-8977

BY FACSIMILE:
646-354-5026

BY MAIL:
Credit Suisse Warburg Pincus Trust
P.O. Box 9030
Boston, MA 02205-9030

BY OVERNIGHT OR COURIER SERVICE:
Boston Financial Data Services, Inc.
Attn: Credit Suisse Warburg Pincus Trust
66 Brooks Drive
Braintree, MA 02184

ON THE INTERNET:
www.warburg.com

SEC file number:
Credit Suisse Warburg Pincus Trust

811-07261

CREDIT SUISSE WARBURG PINCUS FUNDS

CREDIT SUISSE | ASSET MANAGEMENT

P.O. Box 9030, BOSTON, MA 02205-9030
800-222-8977 ■ www.warburg.com

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MAY 1, 2001

Davis Value Portfolio

(Portfolio of Davis Variable Account Fund, Inc.)

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The Securities and Exchange Commission has neither approved nor disapproved of these securities, nor has it determined whether this prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.

This prospectus contains important information. Please read it carefully before investing and keep it for future reference.

These Funds are sold exclusively to insurance company separate accounts for variable annuity and variable life insurance contracts.

Shares of these Funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including possible loss of the principal amount invested.

Contract described herein is no longer available for sale.

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Davis Value Portfolio

Investment Objective and Strategies

Davis Value Portfolio's investment objective is growth of capital. The Fund invests principally in common stock of U.S. companies with market capitalizations of at least \$5 billion, which we believe are of high quality and whose shares are selling at attractive prices. We select stocks with the intention of holding them for the long term. We believe that managing risk is the key to delivering superior long-term investment results; therefore, we consider how much could potentially be lost on an investment before considering how much might be gained.

The Davis Investment Philosophy

Davis Value Portfolio is managed using the Davis investment philosophy, which stresses a back-to-basics approach. We use extensive research to buy growing companies at value prices and hold on to them for the long term. We look for companies with sustainable growth rates selling at modest price-earnings multiples that we hope will expand as other investors recognize the companies' true worth.

Over the years, Davis Selected Advisers, L.P., has developed a list of 10 characteristics that we believe allow companies to sustain long-term growth and minimize risks to enhance their potential for superior long-term returns. Although few companies exhibit all 10 characteristics, we search for those possessing:

- ◆ Excellent management.
- ◆ Managers who own stock in their own company.
- ◆ Strong returns on investments of its capital.
- ◆ A lean expense structure.
- ◆ A dominant or growing market share in a growing market.
- ◆ A proven record as an acquirer.
- ◆ A strong balance sheet.
- ◆ Products or services that are not likely to become obsolete.
- ◆ Successful international operations.
- ◆ Innovation in all aspects of operations.

We emphasize individual stock selection and believe that the ability to evaluate management is critical. We routinely visit the managers at their places of business in order to gain insight into the relative value of different businesses.

Principal Risks of Investing in Davis Value Portfolio

There is a risk that you could lose all or a portion of your investment in Davis Value Portfolio. The value of your investment in the Fund will vary with the prices of the securities in which the Fund invests. This section describes what we think are the most significant factors that can cause Davis Value Portfolio's performance to suffer.

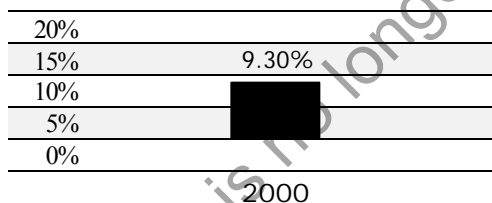
- **Market risk.** The market value of shares of common stock can change rapidly and unpredictably as a result of political or economic events having little or nothing to do with the performance of the company.
- **Company risk.** The price of a common stock varies with the success and failure of its issuer. As a result, the success of the companies in which Davis Value Portfolio invests largely determines the Fund's performance.

Performance Information

The following bar chart and table provide an indication of the risks of investing in Davis Value Portfolio. The Fund's past performance is not necessarily an indication of its future performance. The bar chart and performance table shown do not reflect charges at the separate account level. If they did, the performance shown would be lower.

Davis Value Portfolio Total Return Since 2000

(As of December 31st)



During the period shown in the bar chart, the highest quarterly return was 9.56% for the first quarter of 2000, and the worst quarterly return was (2.32)% for the second quarter of 2000. Year-to-date performance as of 03/31/01 (unannualized) was (9.58)%.

Davis Value Portfolio Average Annual Total Returns

(For the periods ended December 31, 2000)

	Past 1 Year	Life of Fund (July 1, 1999)
Davis Value Portfolio	9.30%	7.94%
S&P 500[®] Index⁽¹⁾	(9.10)%	(1.79)%

⁽¹⁾ The Standard & Poor's 500[®] Index is a broad based index of common stocks frequently used as a general measure of U.S. stock market performance.

Davis Management

The Adviser and Sub-Adviser

Davis Selected Advisers, L.P. (“Adviser”) serves as the investment adviser for each of the Davis Funds, including Davis Value Portfolio. The Adviser’s offices are located at 2949 East Elvira Road, Suite 101, Tucson, Arizona 85706. The Adviser provides investment advice for each of the Davis Funds, manages their business affairs, and provides day-to-day administrative services. The Adviser also serves as investment adviser for other mutual funds and institutional clients.

Davis Selected Advisers - NY, Inc. (“Sub-Adviser”) serves as the sub-adviser for each of the Davis Funds, including Davis Value Portfolio. The Sub-Adviser’s offices are located at 609 Fifth Avenue, New York, New York 10017. The Sub-Adviser provides investment management and research services for the Davis Funds and other institutional clients, and is a wholly owned subsidiary of Davis Selected Advisers, L.P. The Sub-Adviser’s fee is paid by Davis Selected Advisers, not Davis Value Portfolio.

The Adviser’s Performance History

Davis Value Portfolio was first offered to the public on July 1, 1999. However, Davis Selected Advisers has been managing accounts in a similar style for a number of years. The performance results presented in the table that follows should not be considered predictions of the future performance of Davis Value Portfolio. **Davis Value Portfolio’s performance may be either higher or lower than the Davis Large Cap Equity Composite presented as follows.**

The Davis Large Cap Equity Composite performance history includes all accounts with investment objectives, policies and strategies substantially similar (although not necessarily identical) to those used by Davis Selected Advisers in managing Davis Value Portfolio. Mutual funds and private accounts also may be included in the performance history. Private accounts are not subject to certain investment limitations, diversification requirements and other restrictions imposed by the 1940 Act and the Internal Revenue Code, which, if applicable, might adversely affect the performance results.

The performance history compares the Davis Large Cap Equity Composite on an annualized asset-weighted basis against the S&P 500[®] Index. Composite performance is presented net of the Fund’s annual operating expenses of 1%. The Adviser is contractually committed to waive fees and/or reimburse the Fund’s expenses to the extent necessary to cap total annual fund operating expenses at 1% until May 1, 2002. Davis Large Cap Equity Composite performance is computed using an internal time-weighted rate of return for each account (including every private account and every mutual fund in the composite), weighted for the relative size of each account using beginning of period values.

The insurance company’s charges would have lowered the following Composite Returns. The calculation used to measure the performance of a composite is different from the standardized SEC method used to measure the performance of a single mutual fund. The S&P 500[®] Index is a widely recognized broad based index of large capitalization stock performance.

THE FOLLOWING INFORMATION FOR DAVIS SELECTED ADVISERS DOES NOT REPRESENT THE PERFORMANCE OF DAVIS VALUE PORTFOLIO.

Davis Large Cap Equity Composite Returns

(For the periods ending December 31, 2000)

	Past 1 Year	Past 5 Years	Past 10 Years	Since January 1, 1970
Davis Large Cap Equity Composite	9.69%	20.53%	20.18%	14.77%
S&P 500[®] Index	(9.10)%	18.30%	17.43%	12.87%

As of December 31, 2000, the composite included 79 accounts with aggregate assets of \$32.9 billion.

Adviser Compensation

The Adviser's compensation for its services (based on average net assets) was 0.75%.

The Adviser is contractually committed to waive fees and/or reimburse the Fund's expenses to the extent necessary to cap total annual fund operating expenses at 1% until May 1, 2002; after that date, there is no assurance that expenses will be capped. What the Fund's expense ratios would have been without the expense cap are discussed in the Financial Highlights table.

Senior Research Adviser and Founder, Portfolio Managers

Shelby M.C. Davis serves as Senior Research Adviser and Founder of Davis Selected Advisers. He previously served as Davis New York Venture Fund's Portfolio Manager from its inception in 1969 until February 1997 and served as President of the Davis Funds until March 2000. The Davis Funds are a family of mutual funds managed by the Adviser, including Davis Value Portfolio, Davis Financial Portfolio and Davis Real Estate Portfolio.

Christopher C. Davis has served as Portfolio Manager of Davis Value Portfolio with Kenneth Charles Feinberg since inception of the Fund, July 1, 1999, and also manages other equity funds advised by Davis Selected Advisers. He has served as Portfolio Manager of various equity funds managed by Davis Selected Advisers since October 1995. Mr. Davis served as Assistant Portfolio Manager and research analyst working with Shelby M.C. Davis from September 1989 through September 1995.

Kenneth Charles Feinberg has served as Portfolio Manager of Davis Value Portfolio with Christopher C. Davis since the inception of the Fund, July 1, 1999, and also manages other equity funds advised by Davis Selected Advisers. He has served as Portfolio Manager of various equity funds managed by Davis Selected Advisers since May 1997. Mr. Feinberg started with Davis Selected Advisers as a research analyst in December 1994.

Other Information

Purchase and Redemption of Shares

We ordinarily effect orders to purchase and redeem shares at the Fund's next computed net asset value after we have received an order. Life insurance companies participating in the Fund serve as our designee for receiving orders of separate accounts that invest in the Fund.

The Fund has adopted a plan under Rule 12b-1 allowing the payment of up to 0.25% for distribution expenses. If, in the future, the Fund begins making payments under the plan, then these fees would be paid out of the Fund's assets on an ongoing basis. Over time, these fees would increase the cost of your investment and may cost you more than paying other types of sales charges. Currently the Fund does not intend to make any payments under this plan.

Pricing of Shares

Net asset values for all Davis Funds are determined each business day. A business day is any day the New York Stock Exchange is open for trading. We calculate net asset value either at the close of the Exchange or at 4 p.m. Eastern Standard Time, whichever comes first. Securities that trade on an organized exchange are valued at the last published sales price on the exchange. If no sales are recorded, the securities are valued at the average of the closing bid and asked prices on the exchange. Over-the-counter securities are valued at the average of closing bid and asked prices. Debt securities purchased with a maturity of 60 days or less are usually valued at amortized cost. Longer-term debt securities may be valued by an independent pricing service. Securities with unavailable market quotations and other assets are valued at "fair value" as determined by the Board of Directors.

If any of the Fund's securities are traded in markets that close at different times, events affecting portfolio values that occur between the time their prices are determined and the time the Fund's shares are priced will generally not be reflected in the Fund's share price. The net asset value of the Fund's shares may change on days when shareholders will not be able to purchase or redeem the Fund's shares.

The value of securities denominated in foreign currencies and traded in foreign markets will have their value converted into the U.S. dollar equivalents at the prevailing market rate as computed by State Street Bank and Trust Company, our custodian bank. Fluctuation in the value of foreign currencies in relation to the U.S. dollar may affect the net asset value of the Fund's shares even if there has not been any change in the foreign currency price of the Fund's investments.

Taxes

Davis Value Portfolio has elected to be taxed as a "regulated investment company" under the provisions of Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). If the Fund continues to qualify as a regulated investment company and complies with the appropriate provisions of the Code, it will pay no federal income taxes on the amounts it distributes.

Because the Fund's shareholders are insurance companies (such as the one that issues your contract), no discussion of the federal income tax consequences to shareholders is included herein. For information about the federal income tax consequences of purchasing the contracts, see the prospectus for your contract.

Dividends and Distributions

Davis Value Portfolio generally declares and pays dividends and short-term and long-term capital gains, if any, annually. All dividends and capital gains are paid to separate accounts of participating insurance companies. At the election of these companies, dividends and distributions are automatically reinvested at net asset value in shares of the Fund.

Financial Highlights

The following table is designed to show you the financial performance of Davis Value Portfolio for the year 2000 and the period from July 1, 1999 (commencement of operations) through December 31, 1999, assuming that all dividends and capital gains have been reinvested. Some of the information reflects financial results for a single Fund share.

The information has been audited by KPMG LLP. KPMG LLP's report, along with the Fund's financial statements, is included in the annual report, which is available upon request.

Davis Value Portfolio Financial Highlights

	<u>Year ended December 31, 2000</u>	<u>July 1, 1999 (Commencement of operations) through December 31, 1999</u>
Net Asset Value, Beginning of Period	\$ 10.25	\$ 10.00
<u>Income From Investment Operations</u>		
Net Investment Income	0.03	0.01
Net Realized and Unrealized		
Gains	0.92	0.25
Total From Investment Operations	0.95	0.26
<u>Dividends and Distributions</u>		
Dividends from Net Investment Income	(0.03)	(0.01)
Return of Capital	_3	_3
Distributions from Realized Gains	(0.11)	—
Total Dividends and Distributions	(0.14)	(0.01)
Net Asset Value, End of Period	\$ 11.06	\$ 10.25
<u>Total Return</u> ¹	9.30%	2.64%
<u>Ratios/Supplemental Data</u>		
Net Assets, End of Period (000 omitted)	\$120,209	\$ 12,668
Ratio of Expenses to Average Net Assets	1.00% ⁴	1.00% ^{*4}
Ratio of Net Investment Income to		
Average Net Assets	0.73%	0.43% [*]
Portfolio Turnover Rate ²	10%	5%

¹ Assumes hypothetical initial investment on the business day before the first day of the fiscal period (or inception of offering), with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods of less than one year and do not reflect charges attributable to your insurance company's separate account. Inclusion of these charges would reduce the total returns shown.

² The lesser of purchases or sales of portfolio securities for a period, divided by the monthly average of the market value of portfolio securities owned during the period. Securities with a maturity or expiration date at the time of acquisition of one year or less are excluded from the calculation.

³ Less than \$0.005 per share.

⁴ Had the Adviser not absorbed certain expenses the ratio of expenses to average net assets would have been 1.01% and 2.29% for 2000 and 1999, respectively.

* Annualized

Davis Selected Advisers, L. P.
2949 East Elvira Road
Suite 101
Tucson, AZ 85706
www.davisfunds.com

Obtaining Additional Information

For more information about Davis Value Portfolio, request a free copy of the Statement of Additional Information or the Annual and Semi-Annual Reports. The Statement of Additional Information provides more detailed information about the Fund and its management and operations. An Annual Report discusses the market conditions and investment strategies that significantly affected the Fund's performance during the last year. A Semi-Annual Report updates information provided in the Annual Report for the succeeding six months.

The Fund's Statement of Additional Information and Annual Report have been filed with the Securities and Exchange Commission, are incorporated by reference, and are legally a part of this prospectus.

Where you can get these documents:

- From your Insurance Company or your Account Representative. Your Insurance Company or Account Representative can provide you with copies of these documents.
- Via the Internet. Visit the SEC Web site (www.sec.gov).
- From the SEC. The SEC's Public Reference Room in Washington, DC. For more information on the operations of the Public Reference Room, call 1-800-SEC-0330. Additional copies of this information can be obtained, for a duplicating fee, by writing the Public Reference Section of the SEC, Washington, DC 20549-6009.

Investment Company Act File No. 811-9293

Prospectus

Franklin Templeton Variable Insurance Products Trust

Class 2 Shares

May 1, 2001

Contract described herein is no longer available for sale

PART III

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES



FRANKLIN[®] TEMPLETON[®]
INVESTMENTS

As with all fund prospectuses, the SEC has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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Franklin Templeton Variable Insurance Products Trust

OVERVIEW



Franklin Templeton Variable Insurance Products Trust (the Trust) currently consists of twenty-seven (27) separate series (the Fund or Funds), offering a wide variety of investment choices. Each Fund generally has two classes of shares, Class 1 and Class 2. The Funds are generally only available as investment options in variable annuity or variable life insurance contracts. The accompanying contract prospectus indicates which Funds and classes are available to you.

INVESTMENT CONSIDERATIONS

- Each Fund has its own investment strategy and risk profile. Generally, the higher the expected rate of return, the greater the risk of loss.
- No single Fund can be a complete investment program; consider diversifying your Fund choices.
- You should evaluate each Fund in relation to your personal financial situation, investment goals, and comfort with risk. Your investment representative can help you determine which Funds are right for you.

RISKS

- There can be no assurance that any Fund will achieve its investment goal.
- Because you could lose money by investing in a Fund, take the time to read each Fund description and consider all risks before investing.
- All securities markets, interest rates, and currency valuations move up and down, sometimes dramatically, and mixed with the good years can be some bad years. Since no one can predict exactly how financial markets will perform, you may want to exercise patience and focus not on short-term market movements, but on your long-term investment goals.
- Fund shares are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency of the U.S. government. Fund shares involve investment risks, including the possible loss of principal.

More detailed information about each Fund, its investment policies, and its particular risks can be found in the Trust's Statement of Additional Information (SAI).

MANAGEMENT

The Funds' investment managers and their affiliates manage over \$225 billion in assets. In 1992, Franklin joined forces with Templeton, a pioneer in international investing. The Mutual Advisers organization became part of the Franklin Templeton organization four years later. Today, Franklin Templeton Investments is one of the largest mutual fund organizations in the United States, and offers money management expertise spanning a variety of investment objectives.

Franklin Small Cap Fund

PART III

VARIABLE INVESTMENT OPTIONS - PROSPECTUSES



GOAL AND STRATEGIES

GOAL The Fund's investment goal is long-term capital growth.

MAIN INVESTMENTS Under normal market conditions, the Fund will invest at least 65% of its total assets in the equity securities of U.S. small capitalization (small cap) companies. For this Fund, small cap companies are those companies with market capitalization values not exceeding: (i) \$1.5 billion; or (ii) the highest market capitalization value in the Russell 2000 Index; whichever is greater, at the time of purchase. That index consists of 2,000 small companies that have publicly traded securities. Market capitalization is defined as share price multiplied by the number of common stock shares outstanding. The Fund generally expects that the median market capitalization of its portfolio will significantly exceed that of the Russell 2000 Index. The manager may continue to hold an investment

for further capital growth opportunities even if the company is no longer small cap. The Fund may invest substantially in the technology sector (including electronic technology, technology services, and health technology).

The Fund invests primarily in common stocks of small cap U.S. companies.

In addition to its main investments, the Fund may invest in equity securities of larger companies. When suitable opportunities are available, the Fund also may invest in initial public offerings (IPOs) of securities, and may invest a very small portion of its assets in private or illiquid securities, such as late stage venture capital financings. An equity security

represents a proportionate share of the ownership of a company; its value is based on the success of the company's business, any income paid to stockholders, the value of its assets, and general market conditions. Common and preferred stocks, and securities convertible into common stock are examples of equity securities.

PORTFOLIO SELECTION The manager is a research driven, fundamental investor, pursuing a growth strategy. As a "bottom-up" investor focusing primarily on individual securities, the manager chooses companies that it believes are positioned for rapid growth in revenues, earnings or assets. The manager relies on a team of analysts to provide in-depth industry expertise and uses both qualitative and quantitative analysis to evaluate companies for distinct and sustainable competitive advantages. Advantages, such as a particular marketing or product niche, proven technology, and industry leadership are all factors the manager believes point to strong long-term growth potential.

TEMPORARY INVESTMENTS When the manager believes market or economic conditions are unfavorable for investors, is unable to locate suitable investment opportunities, or seeks to maintain liquidity, it may invest all or substantially all of the Fund's assets in short-term investments, including cash or cash equivalents. Under these circumstances, the Fund may temporarily be unable to pursue its investment goal.

MAIN RISKS



The Fund's main risks can affect the Fund's share price, its distributions or income and, therefore, the Fund's performance.

Because the stocks the Fund holds fluctuate in price with market conditions, the value of your investments in the Fund will go up and down. This means you could lose money over short or even extended periods.

STOCKS While stocks have historically outperformed other asset classes over the long term, their value tends to go up and down more dramatically over the short term. These price movements may result from factors affecting individual companies, industries, or securities markets.

GROWTH STYLE INVESTING

Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Growth stocks also may be more volatile and expensive relative to their earnings or assets compared to value or other stocks. Because the Fund's manager uses an aggressive growth strategy, an investment in the Fund involves greater risk and more volatility than an investment in a less aggressive growth fund.

SMALLER COMPANIES While smaller companies, and to some extent mid-size companies, may offer opportunities for capital growth, they also have significant risk. Historically, smaller company securities have been more volatile in price and have fluctuated independently from larger company securities, especially over the short term. Smaller or relatively new companies can be particularly sensitive to changing economic conditions, including increases in interest rates because it may be more difficult for them to make interest payments or to obtain credit to expand, and their growth prospects may be less certain.

For example, smaller companies may lack depth of management or may have limited financial resources for growth or development. They may have limited product lines or market share. Smaller companies may be in new industries, or their new products or services may not find an established market or may rapidly become obsolete. Smaller companies' securities may be less liquid which may adversely

affect their price. Investments in these companies may be considered speculative.

IPOs issued by unseasoned companies with little or no operating history are risky and their prices are highly volatile, but they can result in very large gains in their initial trading. Attractive IPOs are often oversubscribed and may not be available to the Fund, or only in very limited quantities. Thus, when the Fund's size is smaller, any gains from IPOs will have an exaggerated impact on the Fund's reported performance than when the Fund is larger.

SECTOR FOCUS By focusing on particular sectors from time to time, the Fund carries greater risk of adverse developments in a sector than a fund that always invests in a wide variety of sectors.

Technology companies. Technology company stocks have been subject to abrupt or erratic price movements, especially over the short term, due to the rapid pace of product change and development affecting such companies. Technology companies are subject to significant competitive pressures, such as new market entrants, aggressive pricing, and tight profit margins. Prices of technology company stocks often change collectively without regard to the merits of individual companies.

Electronic technology and technology services companies also face the risks that new services, equipment or technologies will not be accepted by consumers and businesses or will rapidly become obsolete. These factors can affect the profitability of technology companies and, as a result, their value. In addition, because many Internet-related companies are in the emerging stage of development, they are particularly vulnerable to these risks.

Health technology companies may be affected by government regulatory requirements, regulatory approval for new drugs and medical products, patent considerations, product liability, and similar matters. In addition, this industry is characterized by competition and rapid technological developments which may make a company's products or services obsolete in a short period of time.

More detailed information about the Fund, its policies, and risks can be found in the SAI.



PAST PERFORMANCE

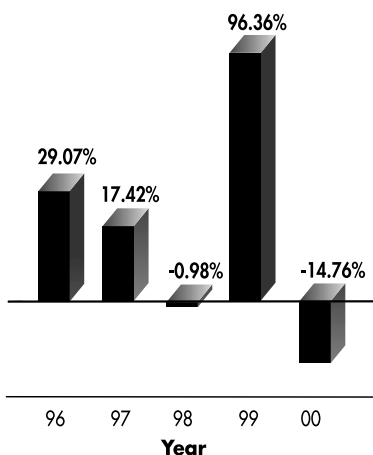
This bar chart and table show the volatility of the Fund's returns, which is one indicator of the risks of investing in the Fund. The bar chart shows changes in the Fund's returns from year to year over the past ten calendar years or since the Fund's inception. The table shows how the Fund's average annual total returns compare to those of a broad-based securities market index. Of course, past performance cannot predict or guarantee future results.

Performance reflects all Fund expenses but does not include any fees or sales charges imposed by the variable insurance contract for which the Fund is an investment option. If they had been included, performance would be lower.

FRANKLIN SMALL CAP FUND CLASS 2 ANNUAL TOTAL RETURNS¹

Best
Quarter:
Q4 '99
60.90%

Worst
Quarter:
Q3 '98
-24.40%



AVERAGE ANNUAL TOTAL RETURNS

For the periods ended December 31, 2000

	1 Year	5 Years	Since Inception 11/01/95
Franklin Small Cap Fund - Class 2¹	-14.76%	20.23%	20.04%
S&P 500 Index²	-9.11%	18.33%	19.11%
Russell 2500® Growth Index²	-16.09%	12.18%	12.92%

These returns reflect periods of rapidly rising stock market and such gains may not continue. Ongoing stock market volatility can dramatically change the Fund's short-term performance; current results may differ.

1. All Fund performance assumes reinvestment of dividends and capital gains. Because Class 2 shares were not offered until 1/6/99, Class 2 Fund performance for prior periods represents the historical results of Class 1 shares. For periods beginning on 1/6/99, Class 2's results reflect an additional 12b-1 fee expense, which also affects future performance.

2. Source: Standard & Poor's Micropal. The S&P 500® Index is an unmanaged group of widely held common stocks. The Russell 2500® Growth Index is an unmanaged index of 2,500 companies with small market capitalizations. Indexes include reinvested dividends and/or interest. One cannot invest directly in an index, nor is an index representative of the Fund's investments.

FEES AND EXPENSES

%

FRANKLIN SMALL CAP FUND - CLASS 2

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. **The table and the example do not include any fees or sales charges imposed by the variable insurance contract for which the Fund is an investment option.** If they were included, your costs would be higher. Investors should consult the contract prospectus or disclosure document for more information.

SHAREHOLDER FEES**(fees paid directly from your investment)**

	Class 2
Maximum sales charge (load) imposed on purchases	0.00%
Maximum deferred sales charge (load)	0.00%

**ANNUAL FUND OPERATING EXPENSES
(expenses deducted from Fund assets)**

	Class 2
Management fees	0.53%
Distribution and service (12b-1) fees ¹	0.25%
Other expenses	0.28%
Total annual Fund operating expenses ²	1.06%
Management fee reduction ³	(0.04%)
Net annual Fund operating expenses ³	1.02%

1. While the maximum amount payable under the Fund's Class 2 rule 12b-1 plan is 0.35% per year of the Fund's average daily net assets, the Fund's Board of Trustees (Board) has set the current rate at 0.25% per year.

2. Total annual Fund operating expenses differ from the ratio of expenses to average net assets shown in the Financial Highlights for the fiscal year ended December 31, 2000 because they have been restated due to a new management agreement effective May 1, 2000.

3. The manager has agreed in advance to reduce its fee to reflect reduced services resulting from the Fund's investment in a Franklin Templeton money fund. This reduction is required by the Board and an order of the Securities and Exchange Commission (SEC).

EXAMPLE

This example can help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. It assumes:

- You invest \$10,000 for the periods shown;
- Your investment has a 5% return each year; and
- The Fund's operating expenses remain the same.

Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Class 2	\$104	\$325	\$563	\$1,248



MANAGEMENT

Franklin Advisers, Inc. (Advisers), 777 Mariners Island Blvd., San Mateo, California 94403-7777, is the Fund's investment manager.

MANAGEMENT TEAM The team responsible for the Fund's management is:

Edward B. Jamieson
EXECUTIVE VICE PRESIDENT, ADVISERS

Mr. Jamieson has been a manager of the Fund since its inception in 1995, and has been with Franklin Templeton Investments since 1987.

Michael McCarthy
VICE PRESIDENT, ADVISERS

Mr. McCarthy has been a manager of the Fund since its inception in 1995, and has been with Franklin Templeton Investments since 1992.

Aidan O'Connell
PORTFOLIO MANAGER, ADVISERS

Mr. O'Connell has been a manager of the Fund since 1998. Before joining Franklin Templeton Investments in May 1998, Mr. O'Connell was a research analyst and a corporate financial analyst at Hambrecht & Quist.

The Fund pays Advisers a fee for managing the Fund's assets. For the fiscal year ended December 31, 2000, management fees, before any advance waiver, were 0.53% of the Fund's average daily net assets. Under an agreement by Advisers to reduce its fees to reflect reduced services resulting from the Fund's investment in a Franklin Templeton money fund, the Fund paid 0.49% of its average daily net assets to Advisers for its services. This reduction is required by the Board and an SEC order.

Contract described herein is no longer available for sale.

FINANCIAL HIGHLIGHTS



The financial highlights table provides further details to help you understand the financial performance of Class 2 shares for the past five years or since the Fund's inception. The table shows certain information on a single Fund share basis (per share performance). It also shows some key Fund statistics, such as total return (past performance) and expense ratios. Total return represents the annual change in value of a share assuming reinvestment of dividends and capital gains. This information has been audited by PricewaterhouseCoopers LLP, independent auditors. Their report, along with the financial statements, is included in the Fund's Annual Report (available upon request).

Class 2	Year ended December 31,	
	2000	1999 ³
Per share data (\$)		
Net asset value, beginning of year	26.80	14.25
Net investment gains (losses) ¹	.12	(.04)
Net realized and unrealized gains (losses)	(3.86)	12.68
Total from investment operations	(3.74)	12.64
Distributions from net investment income	—	(.08)
Distributions from net realized gains	(1.92)	(.01)
Total distributions	(1.92)	(.09)
Net asset value, end of year	21.14	26.80
Total return (%) ²	(14.76)	89.05
Ratios/supplemental data		
Net assets, end of year (\$ x 1,000)	301,420	6,156
Ratios to average net assets: (%)		
Expenses	1.00	1.02 ⁴
Net investment income (loss)	.49	(.18) ⁴
Portfolio turnover rate (%)	19.49	39.49

1. Based on average shares outstanding.

2. Total return does not include any fees, charges or expenses imposed by the variable annuity and life insurance contractions for which the Fund serves as an underlying investment vehicle. If they had been included, total return would be lower. Total return is not annualized for periods less than one year.

3. For the period January 6, 1999 (effective date) to December 31, 1999.

4. Annualized.

Additional Information, All Funds

DISTRIBUTIONS AND TAXES

PART III



INCOME AND CAPITAL GAINS DISTRIBUTIONS

Each Fund will declare as dividends substantially all of its net investment income. Except for the Franklin Money Market Fund, each Fund typically pays dividends from net investment income and net capital gains, if any, at least annually. Dividends or distributions by the Funds will reduce the per share net asset value (NAV) by the per share amount paid.

The Franklin Money Market Fund declares a dividend each day the Fund's NAV is calculated, equal to all of its daily net income, payable as of the close of business the preceding day. The amount of dividend may fluctuate from day to day and may be omitted on some days, depending on changes in the factors that comprise the Fund's net income.

Dividends paid by a Fund will be automatically reinvested in additional shares of that Fund or, if requested, paid in cash to the insurance company shareholder.

TAX CONSIDERATIONS The tax consequences for contract owners from their investment in variable annuity or variable life insurance contracts will depend on the provisions of these contracts. Contract owners should consult the accompanying contract prospectus for more information on these tax consequences.

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

Contract described herein is no longer available for sale.

Fund Account Information

BUYING SHARES



Shares of each Fund are sold at net asset value (NAV) to insurance company separate accounts to serve as investment options for variable annuity or variable life insurance contracts, and for qualified pension and retirement plans. The Funds' Board of Trustees (Board) monitors this to be sure there are no material conflicts of interest between the two different types of contract owners, given their differences, including tax treatment. If there were, the Board would take corrective action.

Contract owners' payments will be allocated by the insurance company separate account to purchase shares of the Fund chosen by the contract owner, and are subject to any limits or conditions in the contract. Requests to buy shares are processed at the NAV next calculated after we receive the request in proper form. The Funds do not issue share certificates.

SELLING SHARES



Each insurance company shareholder sells shares of the applicable Fund to make benefit or surrender payments or to execute exchanges (transfers) between investment options under the terms of its

contracts. Requests to sell shares are processed at the NAV next calculated after the Fund receives the request in proper form.

EXCHANGING SHARES



Contract owners may exchange shares of any one class or Fund for shares of other classes or Funds through a transfer between investment options available under a variable insurance contract, subject to the terms and any specific limitations on the exchange (or "transfer") privilege described in the contract prospectus.

Frequent exchanges can interfere with Fund management or operations and increase Fund costs. To protect shareholders, there are limits on the number and amount of Fund exchanges that may be made (please see "Market Timers" below).

FUND ACCOUNT POLICIES



CALCULATING SHARE PRICE The Funds calculate their NAV per share each business day at the close of trading on the New York Stock Exchange (normally 1:00 p.m. Pacific time). Each class' NAV is calculated by dividing its net assets by the number of its shares outstanding.

The Funds' assets are generally valued at their market value, except that the Franklin Money Market Fund's assets are generally valued at their amortized cost. If market prices are unavailable, or if an event occurs after the close of the trading market that materially affects the values, assets may be valued at their fair value. If a Fund holds securities listed primarily on a foreign exchange that trades on days when the Fund is not open for business, the value of

the shares may change on days that the insurance company shareholders cannot buy or sell shares.

Requests to buy and sell shares are processed on any day the Funds are open for business at the NAV next calculated after the Fund receives the request in proper form.

STATEMENTS AND REPORTS Contract owners will receive confirmations and account statements that show account transactions. Insurance company contract owners will receive the Funds' financial reports every six months from their insurance company.

If there is a dealer or other investment representative of record on the account, he or she will also receive

confirmations, account statements and other information about the contract owner's account directly from the contract's administrator.

MARKET TIMERS The Funds may restrict or refuse investments by market timers. The following Funds currently do not allow investments by market timers: Franklin Aggressive Growth Securities Fund, Franklin Global Health Care Securities Fund, Franklin High Income Fund, Franklin Rising Dividends Securities Fund, Franklin Technology Securities Fund, Franklin Value Securities Fund, Mutual Discovery Securities Fund, Mutual Shares Securities Fund, Templeton Asset Strategy Fund and Templeton Developing Markets Securities Fund.

As of July 1, 2001, the following Funds also will not allow investments by market timers: Franklin Global Communications Securities Fund, Franklin Income Securities Fund, Franklin Large Cap Growth Securities Fund, Franklin Small Cap Fund, Templeton Growth Securities Fund, Templeton International Securities Fund and Templeton International Smaller Companies Fund.

You will be considered a market timer if you have (i) requested an exchange out of the Fund within two weeks of an earlier exchange request, or (ii) exchanged shares out of the Fund more than twice in a calendar quarter, or (iii) exchanged shares equal to at least \$5 million, or more than 1% of the Fund's net assets, or (iv) otherwise seem to follow a timing pattern. Accounts under common ownership or control are combined for these limits.

ADDITIONAL POLICIES Please note that the Funds maintain additional policies and reserve certain rights, including:

- Each Fund may refuse any order to buy shares.
- At any time, the Funds may establish or change investment minimums.
- The Funds may modify or discontinue the exchange privilege on 60 days' notice to insurance company shareholders.

- You may only buy shares of the Funds eligible for sale in your state or jurisdiction.
- In unusual circumstances, we may temporarily suspend redemptions, or postpone the payment of proceeds, as allowed by federal securities laws.
- To permit investors to obtain the current price, insurance companies are responsible for transmitting all orders to the Fund promptly.

SHARE CLASSES Each Fund generally has two classes of shares, Class 1 and Class 2. Each class is identical except that Class 2 has a distribution plan or "rule 12b-1" plan which is described below.

Distribution and service (12b-1) fees. Class 2 has a distribution plan, sometimes known as a rule 12b-1 plan, that allows the Funds to pay distribution fees to those who sell and distribute Class 2 shares and provide services to shareholders and contract owners. Because these fees are paid out of Class 2's assets on an on-going basis, over time these fees will increase the cost of an investment, and may cost you more than paying other types of sales charges. While the maximum amount payable under most Funds' Class 2 rule 12b-1 plan is 0.35% per year of a Fund's average net assets, the Board of Trustees has set the current rate at 0.25%. However, Franklin S&P 500 Index Fund, Franklin Strategic Income Securities Fund, Templeton Asset Strategy Fund, Templeton Developing Markets Securities Fund, Templeton Global Income Securities Fund and Templeton International Securities Fund each have a maximum rule 12b-1 plan fee of 0.25% per year. A portion of the fees payable to Franklin Templeton Distributors, Inc. (Distributors) or others under the rule 12b-1 plan may be retained by Distributors for distribution expenses.

QUESTIONS



More detailed information about the Trust and the Funds' account policies can be found in the Funds' Statement of Additional Information. If you have any questions about the Funds, you can write to us at 777 Mariners Island Blvd., P.O. Box 7777, San Mateo,

CA 94403-7777. You can also call us at 1-800/321-8563. For your protection and to help ensure we provide you with quality service, all calls may be monitored or recorded.

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Contract described herein is no longer available for sale.

For More Information

The Funds of Franklin Templeton Variable Insurance Products Trust (the Trust) are generally only available as investment options in variable annuity or variable life insurance contracts. Please consult the accompanying contract prospectus for information about the terms of an investment in a contract.

You can learn more about the Fund in the following documents:

ANNUAL/SEMIANNUAL FUND REPORTS TO SHAREHOLDERS

Includes a discussion of recent market conditions and investment strategies, financial statements, detailed performance information, Fund holdings, and the auditor's report (Annual Report only).

STATEMENT OF ADDITIONAL INFORMATION

Contains more information about the Funds, their investments, policies, and risks. It is incorporated by reference (is legally a part of this prospectus).

For a free copy of the current annual/semiannual report or SAI, please contact your investment representative or call us at the number below.

Franklin[®] Templeton[®] Investments
1-800/321-8563

You also can obtain information about the Funds by visiting the SEC's Public Reference Room in Washington, D.C. (phone 1-202/942-8090) or the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. You can obtain copies of this information, after paying a duplicating fee, by writing to the SEC's Public Reference Section, Washington, D.C. 20549-0102 or by electronic request at the following E-mail address: publicinfo@sec.gov.



Janus Aspen Series

Institutional Shares

PROSPECTUS

May 1, 2001

Growth Portfolio

Contract described herein is no longer available for sale.

The Securities and Exchange Commission has not approved or disapproved of these securities or passed on the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.



JANUS

PART III

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

This prospectus describes Growth Portfolio (the “Portfolio”). This Portfolio of Janus Aspen Series currently offers two classes of shares. The Institutional Shares (the “Shares”) are sold under the name of “Janus Aspen Series” and are offered by this prospectus in connection with investment in and payments under variable annuity contracts and variable life insurance contracts (collectively, “variable insurance contracts”), as well as certain qualified retirement plans.

Janus Aspen Series sells and redeems its Shares at net asset value without sales charges, commissions or redemption fees. Each variable insurance contract involves fees and expenses that are not described in this Prospectus. See the accompanying contract prospectus for information regarding contract fees and expenses and any restrictions on purchases or allocations.

This prospectus contains information that a prospective purchaser of a variable insurance contract or plan participant should consider in conjunction with the accompanying separate account prospectus of the specific insurance company product before allocating purchase payments or premiums to the Portfolio.

Contract described herein is no longer available for sale.

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Contract described herein is no longer available for sale.

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Risk return summary

GROWTH PORTFOLIO

Growth Portfolio is designed for long-term investors who primarily seek growth of capital and who can tolerate the greater risks associated with common stock investments.

1. What is the investment objective of Growth Portfolio?

Growth Portfolio seeks long-term growth of capital in a manner consistent with the preservation of capital.

The Portfolio's Trustees may change this objective without a shareholder vote and the Portfolio will notify you of any changes that are material. If there is a material change to the Portfolio's objective or policies, you should consider whether the Portfolio remains an appropriate investment for you. There is no guarantee the Portfolio will meet its objective.

2. What are the main investment strategies of Growth Portfolio?

The portfolio manager applies a "bottom up" approach in choosing investments. In other words, he looks at companies one at a time to determine if a company is an attractive investment opportunity and is consistent with the Portfolio's investment policies. If the portfolio manager is unable to find investments with earnings growth potential, a significant portion of the Portfolio's assets may be in cash or similar investments.

Within the parameters of its specific investment policies discussed below, the Portfolio may invest without limit in foreign equity and debt securities.

The Portfolio will limit its investment in high-yield/high-risk bonds to less than 35% of its net assets.

Growth Portfolio invests primarily in common stocks selected for their growth potential. Although the Portfolio can invest in companies of any size, it generally invests in larger, more established companies.

3. What are the main risks of investing in Growth Portfolio?

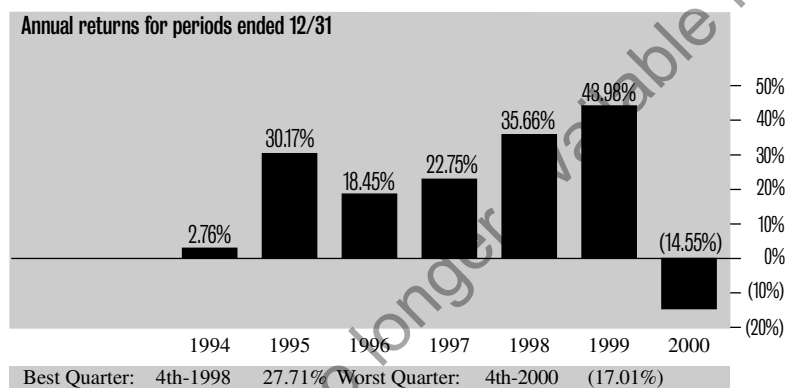
The biggest risk is that the Portfolio's returns may vary, and you could lose money. Growth Portfolio is designed for long-term investors who can accept the risks of investing in a portfolio with significant common stock holdings. Common stocks tend to be more volatile than other investment choices.

The value of the Portfolio's holdings may decrease if the value of an individual company in the portfolio decreases. The value of the Portfolio's holdings could also decrease if the stock market goes down. If the value of the Portfolio's holdings decreases, the Portfolio's net asset value (NAV) will also decrease, which means if you sell your shares in the Portfolio you may get back less money.

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

The following information provides some indication of the risks of investing in Growth Portfolio by showing how Growth Portfolio's performance has varied over time. The bar chart depicts the change in performance from year to year during the periods indicated. The table compares the average annual returns for the Shares of the Portfolio for the periods indicated to a broad-based securities market index.

Growth Portfolio – Institutional Shares



Average annual total return for periods ended 12/31/00

	1 year	5 years	Since Inception (9/13/93)
Growth Portfolio – Institutional Shares	(14.55%)	19.40%	18.06%
S&P 500 Index*	(9.10%)	18.33%	17.74%

* The S&P 500 is the Standard & Poor's Composite Index of 500 Stocks, a widely recognized, unmanaged index of common stock prices.

Growth Portfolio's past performance does not necessarily indicate how it will perform in the future.

FEES AND EXPENSES

Shareholder fees, such as sales loads, redemption fees or exchange fees, are charged directly to an investor's account. The Janus funds are no-load investments, so you will generally not pay any shareholder fees when you buy or sell shares of the Portfolio. However, each variable insurance contract involves fees and expenses not described in this prospectus. See the accompanying contract prospectus for information regarding contract fees and expenses and any restrictions on purchases or allocations.

Annual fund operating expenses are paid out of the Portfolio's assets and include fees for portfolio management, maintenance of shareholder accounts, shareholder servicing, accounting and other services. You do not pay these fees directly but, as the example below shows, these costs are borne indirectly by all shareholders.

This table and example are designed to assist participants in qualified plans that invest in the Shares of the Portfolio in understanding the fees and expenses that you may pay as an investor in the Shares. **Owners of variable insurance contracts that invest in the Shares should refer to the variable insurance contract prospectus for a description of fees and expenses, as the table and example do not reflect deductions at the separate account level or contract level for any charges that may be incurred under a contract.**

	<i>Management Fee</i>	<i>Other Expenses</i>	<i>Total Annual Fund Operating Expenses*</i>	
Growth Portfolio	0.65%	0.02%	0.67%	
* Expenses are based upon expenses for the year ended December 31, 2000, restated to reflect a reduction in the management fee for the Portfolio. All expenses are shown without the effect of any expense offset arrangements.				
EXAMPLE: This example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Portfolio's operating expenses remain the same. Since no sales load applies, the results apply whether or not you redeem your investment at the end of each period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:				
	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>
Growth Portfolio	\$68	\$214	\$373	\$835

Investment objective, principal investment strategies and risks

Growth Portfolio has a similar investment objective and similar principal investment strategies to Janus Fund. Although it is anticipated that the Portfolio and Janus Fund will hold similar securities, differences in asset size, cash flow needs and other factors may result in differences in investment performance. The expenses of the Portfolio and Janus Fund are expected to differ. The variable contract owner will also bear various insurance related costs at the insurance company level. You should review the accompanying separate account prospectus for a summary of fees and expenses.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

This section takes a closer look at the investment objective of Growth Portfolio, its principal investment strategies and certain risks of investing in Growth Portfolio. Strategies and policies that are noted as “fundamental” cannot be changed without a shareholder vote.

Please carefully review the “Risks” section of this Prospectus for a discussion of risks associated with certain investment techniques. We’ve also included a Glossary with descriptions of investment terms used throughout this Prospectus.

Growth Portfolio seeks long-term growth of capital in a manner consistent with the preservation of capital. It pursues its objective by investing primarily in common stocks selected for their growth potential. Although the Portfolio can invest in companies of any size, it generally invests in larger, more established companies.

The following questions and answers are designed to help you better understand Growth Portfolio’s principal investment strategies.

1. How are common stocks selected?

Consistent with its investment objective and policies, the Portfolio may invest substantially all of its assets in common stocks if the portfolio manager believes that common stocks will appreciate in value. The portfolio manager generally takes a “bottom up” approach to selecting companies. This means he seeks to identify individual companies with earnings growth potential that may not be recognized by the market at large. The portfolio manager makes this assessment by looking at companies one at a time, regardless of size, country of organization, place of principal business activity, or other similar selection criteria.

Realization of income is not a significant consideration when choosing investments for the Portfolio. Income realized on the Portfolio’s investments may be incidental to its objective.

2. Are the same criteria used to select foreign securities?

Generally, yes. The portfolio manager seeks companies that meet his selection criteria, regardless of where a company is located. Foreign securities are generally selected on a stock-by-stock basis without regard to any defined allocation among countries or geographic regions. However, certain factors such as expected levels of inflation, government policies influencing business conditions, the outlook for currency relationships, and prospects for economic growth among countries, regions or geographic areas may warrant greater consideration in selecting foreign securities. There are no limitations on the countries in which the Portfolio may invest and the Portfolio may at times have significant foreign exposure.

3. What does “market capitalization” mean?

Market capitalization is the most commonly used measure of the size and value of a company. It is computed by multiplying the current market price of a share of the company’s stock by the total number of its shares outstanding. The Portfolio does not emphasize companies of any particular size.

GENERAL PORTFOLIO POLICIES

The percentage limitations included in these policies and elsewhere in this Prospectus apply at the time of purchase of a security. So, for example, if the Portfolio exceeds a limit as a result of market fluctuations or the sale of other securities, it will not be required to dispose of any securities.

Cash Position

When the portfolio manager believes that market conditions are unfavorable for profitable investing, or when he is otherwise unable to locate attractive investment opportunities, the Portfolios’ cash or similar investments may increase. In other words, the Portfolio does not always stay fully invested in stocks and bonds. Cash or similar investments generally are a residual—they represent the assets that remain after the portfolio manager has committed available assets to desirable investment opportunities. However, the portfolio manager may also temporarily increase the Portfolio’s cash position to protect its assets or maintain liquidity. When the Portfolio’s investments in cash or similar investments increase, it may not participate in market advances or declines to the same extent that it would if the Portfolio remained more fully invested in stocks or bonds.

Other Types of Investments

Growth Portfolio invests primarily in domestic and foreign equity securities, which may include preferred stocks, common stocks, warrants and securities convertible into common or preferred stocks. To a lesser degree, the Portfolio may invest in other types of domestic and foreign securities and use other investment strategies, which are described in the Glossary. These may include:

- debt securities
- indexed/structured securities
- high-yield/high-risk bonds (less than 35% of the Portfolio’s assets)
- options, futures, forwards, swaps and other types of derivatives for hedging purposes or for non-hedging purposes such as seeking to enhance return
- short sales (no more than 8% of the Portfolio’s assets may be invested in “naked” short sales)
- securities purchased on a when-issued, delayed delivery or forward commitment basis

Illiquid Investments

The Portfolio may invest up to 15% of its net assets in illiquid investments. An illiquid investment is a security or other position that cannot be disposed of quickly in the normal course of business. For example, some securities are not registered under U.S. securities laws and cannot be sold to the U.S. public because of SEC regulations (these are known as “restricted securities”). Under procedures adopted by the Portfolio’s Trustees, certain restricted securities may be deemed liquid, and will not be counted toward this 15% limit.

Foreign Securities

Within the parameters of its specific investment policies, the Portfolio may invest without limit in foreign equity and debt securities. The Portfolio may invest directly in foreign securities denominated in a foreign currency and not publicly traded in the United States. Other ways of investing in foreign securities include depository receipts or shares and passive foreign investment companies.

Special Situations

The Portfolio may invest in special situations. A special situation arises when, in the opinion of the Portfolio's manager, the securities of a particular issuer will be recognized and appreciate in value due to a specific development with respect to that issuer. Special situations may include significant changes in a company's allocation of its existing capital, a restructuring of assets, or a redirection of free cash flow. Developments creating a special situation might include, among others, a new product or process, a technological breakthrough, a management change or other extraordinary corporate event, or differences in market supply of and demand for the security. The Portfolio's performance could suffer if the anticipated development in a "special situation" investment does not occur or does not attract the expected attention.

Portfolio Turnover

The Portfolio generally intends to purchase securities for long-term investment, although, to the extent permitted by its specific investment policies, the Portfolio may purchase securities in anticipation of relatively short-term price gains. Short-term transactions may also result from liquidity needs, securities having reached a price or yield objective, changes in interest rates or the credit standing of an issuer, or by reason of economic or other developments not foreseen at the time of the investment decision. The Portfolio may also sell one security and simultaneously purchase the same or a comparable security to take advantage of short-term differentials in bond yields or securities prices. Changes are made in the Portfolio's holdings whenever the portfolio manager believes such changes are desirable. Portfolio turnover rates are generally not a factor in making buy and sell decisions.

Increased portfolio turnover may result in higher costs for brokerage commissions, dealer mark-ups and other transaction costs and may also result in taxable capital gains. Higher costs associated with increased portfolio turnover may offset gains in the Portfolio's performance.

Contract described herein is no longer available for sale

RISKS FOR GROWTH PORTFOLIO

Because the Portfolio may invest substantially all of its assets in common stocks, the main risk is the risk that the value of the stocks it holds might decrease in response to the activities of an individual company or in response to general market and/or economic conditions. If this occurs, the Portfolio's share price may also decrease. The Portfolio's performance may also be affected by risks specific to certain types of investments, such as foreign securities, derivative investments, non-investment grade bonds, initial public offerings (IPOs) or companies with relatively small market capitalizations. IPOs and other investment techniques may have a magnified performance impact on a Portfolio with a small asset base. A Portfolio may not experience similar performance as its assets grow.

The following questions and answers are designed to help you better understand some of the risks of investing in Growth Portfolio.

1. The Portfolio may invest in smaller or newer companies. Does this create any special risks?

Many attractive investment opportunities may be smaller, start-up companies offering emerging products or services. Smaller or newer companies may suffer more significant losses as well as realize more substantial growth than larger or more established issuers because they may lack depth of management, be unable to generate funds necessary for growth or potential development, or be developing or marketing new products or services for which markets are not yet established and may never become established. In addition, such companies may be insignificant factors in their industries and may become subject to intense competition from larger or more established companies. Securities of smaller or newer companies may have more limited trading markets than the markets for securities of larger or more established issuers, or may not be publicly traded at all, and may be subject to wide price fluctuations. Investments in such companies tend to be more volatile and somewhat more speculative.

2. How could the Portfolio's investments in foreign securities affect its performance?

Within the parameters of its specific investment policies, the Portfolio may invest without limit in foreign securities either indirectly (e.g., depositary receipts) or directly in foreign markets. Investments in foreign securities, including those of foreign governments, may involve greater risks than investing in domestic securities because the Portfolio's performance may depend on issues other than the performance of a particular company. These issues include:

- **Currency Risk.** As long as the Portfolio holds a foreign security, its value will be affected by the value of the local currency relative to the U.S. dollar. When the Portfolio sells a foreign denominated security, its value may be worth less in U.S. dollars even if the security increases in value in its home country. U.S. dollar denominated securities of foreign issuers may also be affected by currency risk.
- **Political and Economic Risk.** Foreign investments may be subject to heightened political and economic risks, particularly in emerging markets which may have relatively unstable governments, immature economic structures, national policies restricting investments by foreigners, different legal systems, and economies based on only a few industries. In some countries, there is the risk that the government may take over the assets or operations of a company or that the government may impose taxes or limits on the removal of the Portfolio's assets from that country.
- **Regulatory Risk.** There may be less government supervision of foreign markets. As a result, foreign issuers may not be subject to the uniform accounting, auditing and financial reporting standards and practices applicable to domestic issuers and there may be less publicly available information about foreign issuers.

- **Market Risk.** Foreign securities markets, particularly those of emerging market countries, may be less liquid and more volatile than domestic markets. Certain markets may require payment for securities before delivery and delays may be encountered in settling securities transactions. In some foreign markets, there may not be protection against failure by other parties to complete transactions.
- **Transaction Costs.** Costs of buying, selling and holding foreign securities, including brokerage, tax and custody costs, may be higher than those involved in domestic transactions.

3. Are there special risks associated with investments in high-yield/high-risk bonds?

High-yield/high-risk bonds (or “junk” bonds) are bonds rated below investment grade by the primary rating agencies such as Standard & Poor’s and Moody’s. The value of lower quality bonds generally is more dependent on credit risk and default risk than investment grade bonds. Issuers of high-yield bonds may not be as strong financially as those issuing bonds with higher credit ratings and are more vulnerable to real or perceived economic changes, political changes or adverse developments specific to the issuer.

Please refer to the SAI for a description of bond rating categories.

4. How does the Portfolio try to reduce risk?

The Portfolio may use futures, options, swaps and other derivative instruments to “hedge” or protect its portfolio from adverse movements in securities prices and interest rates. The Portfolio may also use a variety of currency hedging techniques, including forward currency contracts, to manage exchange rate risk. The portfolio manager believes the use of these instruments will benefit the Portfolio. However, the Portfolio’s performance could be worse than if the Portfolio had not used such instruments if the portfolio manager’s judgement proves incorrect.

Contract described herein is no longer available for sale.

Management of the Portfolio

INVESTMENT ADVISER

Janus Capital, 100 Fillmore Street, Denver, Colorado 80206-4928, is the investment adviser to the Portfolio and is responsible for the day-to-day management of the investment portfolio and other business affairs of the Portfolio.

Janus Capital began serving as investment adviser to Janus Fund in 1970 and currently serves as investment adviser to all of the Janus retail funds, acts as sub-adviser for a number of private-label mutual funds and provides separate account advisory services for institutional accounts.

Janus Capital furnishes continuous advice and recommendations concerning the Portfolio's investments. Janus Capital also furnishes certain administrative, compliance and accounting services for the Portfolio, and may be reimbursed by the Portfolio for its costs in providing those services. In addition, Janus Capital employees serve as officers of the Trust and Janus Capital provides office space for the Portfolio and pays the salaries, fees and expenses of all Portfolio officers and those Trustees who are affiliated with Janus Capital.

Participating insurance companies that purchase the Portfolio's Shares may perform certain administrative services relating to the Portfolio and Janus Capital or the Portfolio may pay those companies for such services.

MANAGEMENT EXPENSES

The Portfolio pays Janus Capital a management fee which is calculated daily and paid monthly. The Portfolio's advisory agreement spells out the management fee and other expenses that the Portfolio must pay. For the year ended December 31, 2000, the Portfolio paid Janus Capital a management fee of 0.65% of the Portfolio's average net assets.

The Shares of the Portfolio incur expenses not assumed by Janus Capital, including transfer agent and custodian fees and expenses, legal and auditing fees, printing and mailing costs of sending reports and other information to existing shareholders, and independent Trustees' fees and expenses.

PORTFOLIO MANAGER

Blaine P. Rollins

is Executive Vice President and portfolio manager of Growth Portfolio, which he has managed since January 2000. He previously managed Balanced Portfolio from May 1996 to December 1999 and Equity Income Portfolio from its inception to December 1999. Mr. Rollins has managed Janus Fund since January 2000. He also managed Janus Balanced Fund from January 1996 until December 1999 and Janus Equity Income Fund from inception until December 1999. Mr. Rollins joined Janus Capital in 1990. He holds a Bachelor of Science in Finance from the University of Colorado and he has earned the right to use the Chartered Financial Analyst designation.

Contract described herein is no longer available for sale.

Other information

Classes of Shares

The Portfolio currently offers two classes of Shares, one of which, the Institutional Shares, is offered pursuant to this prospectus and are sold under the name Janus Aspen Series. The Shares offered by this Prospectus are available only in connection with investment in and payments under variable insurance contracts, as well as certain qualified retirement plans. Service Shares of the Portfolio are offered only in connection with investment in and payments under variable insurance contracts as well as certain qualified retirement plans that require a fee from Portfolio assets to procure distribution and administrative services to contract owners and plan participants. Because the expenses of each class may differ, the performance of each class is expected to differ. If you would like additional information about the Service Shares, please call 1-800-525-0020.

Conflicts of Interest

The Shares offered by this prospectus are available only to variable annuity and variable life separate accounts of insurance companies that are unaffiliated with Janus Capital and to certain qualified retirement plans. Although the Portfolio does not currently anticipate any disadvantages to policy owners because the Portfolio offers its shares to such entities, there is a possibility that a material conflict may arise. The Trustees monitor events in order to identify any disadvantages or material irreconcilable conflicts and to determine what action, if any, should be taken in response. If a material disadvantage or conflict occurs, the Trustees may require one or more insurance company separate accounts or qualified plans to withdraw its investments in the Portfolio or substitute Shares of another Portfolio. If this occurs, the Portfolio may be forced to sell its securities at disadvantageous prices. In addition, the Trustees may refuse to sell Shares of the Portfolio to any separate account or qualified plan or may suspend or terminate the offering of the Portfolio's Shares if such action is required by law or regulatory authority or is in the best interests of the Portfolio's shareholders. It is possible that a qualified plan investing in the Portfolio could lose its qualified plan status under the Internal Revenue Code, which could have adverse tax consequences on insurance company separate accounts investing in the Portfolio. Janus Capital intends to monitor such qualified plans and the Portfolio may discontinue sales to a qualified plan and require plan participants with existing investments in the Portfolio to redeem those investments if a plan loses (or in the opinion of Janus Capital is at risk of losing) its qualified plan status.

Distribution of the Portfolio

The Portfolio is distributed by Janus Distributors, Inc., a member of the National Association of Securities Dealers, Inc. ("NASD"). To obtain information about NASD member firms and their associated persons, you may contact NASD Regulation, Inc. at www.nasdr.com, or the Public Disclosure Hotline at 800-289-9999. An investor brochure containing information describing the Public Disclosure Program is available from NASD Regulation, Inc.

Distributions and taxes

DISTRIBUTIONS

To avoid taxation of the Portfolio, the Internal Revenue Code requires the Portfolio to distribute net income and any net gains realized on its investments annually. The Portfolio's income from dividends and interest and any net realized short-term gains are paid to shareholders as ordinary income dividends. Net realized long-term gains are paid to shareholders as capital gains distributions.

How Distributions Affect the Portfolio's NAV

Distributions are paid to shareholders as of the record date of the distribution of the Portfolio, regardless of how long the shares have been held. Undistributed income and realized gains are included in the daily NAV of the Portfolio's Shares. The Share price of the Portfolio drops by the amount of the distribution, net of any subsequent market fluctuations. For example, assume that on December 31, the Shares of Growth Portfolio declared a dividend in the amount of \$0.25 per share. If the price of Growth Portfolio's Shares was \$10.00 on December 30, the share price on December 31 would be \$9.75, barring market fluctuations.

TAXES

Taxes on Distributions

Because Shares of the Portfolio may be purchased only through variable insurance contracts and qualified plans, it is anticipated that any income dividends or capital gains distributions made by the Shares of the Portfolio will be exempt from current taxation if left to accumulate within the variable insurance contract or qualified plan. Generally, withdrawals from such contracts may be subject to ordinary income tax and, if made before age 59½, a 10% penalty tax. The tax status of your investment depends on the features of your qualified plan or variable insurance contract. Further information may be found in your plan documents or in the prospectus of the separate account offering such contract.

Taxation of the Portfolio

Dividends, interest and some gains received by the Portfolio on foreign securities may be subject to tax withholding or other foreign taxes. The Portfolio may from year to year make the election permitted under Section 853 of the Internal Revenue Code to pass through such taxes to shareholders as a foreign tax credit. If such an election is not made, any foreign taxes paid or accrued will represent an expense to the Portfolio.

The Portfolio does not expect to pay any federal income or excise taxes because it intends to meet certain requirements of the Internal Revenue Code. In addition, because the Shares of the Portfolio are sold in connection with variable insurance contracts, the Portfolio intends to qualify under the Internal Revenue Code with respect to the diversification requirements related to the tax-deferred status of insurance company separate accounts.

Shareholder's guide

INVESTORS MAY NOT PURCHASE OR REDEEM SHARES OF THE PORTFOLIO DIRECTLY. SHARES MAY BE PURCHASED OR REDEEMED ONLY THROUGH VARIABLE INSURANCE CONTRACTS OFFERED BY THE SEPARATE ACCOUNTS OF PARTICIPATING INSURANCE COMPANIES OR THROUGH QUALIFIED RETIREMENT PLANS. **REFER TO THE PROSPECTUS FOR THE PARTICIPATING INSURANCE COMPANY'S SEPARATE ACCOUNT OR YOUR PLAN DOCUMENTS FOR INSTRUCTIONS ON PURCHASING OR SELLING OF VARIABLE INSURANCE CONTRACTS AND ON HOW TO SELECT THE PORTFOLIO AS AN INVESTMENT OPTION FOR A CONTRACT OR A QUALIFIED PLAN.**

PRICING OF PORTFOLIO SHARES

Investments will be processed at the NAV next calculated after an order is received and accepted by the Portfolio or its agent. In order to receive a day's price, your order must be received by the close of the regular trading session of the New York Stock Exchange. Securities of the Portfolio are valued at market value or, if a market quotation is not readily available, at their fair value determined in good faith under procedures established by and under the supervision of the Trustees. Short-term instruments maturing within 60 days are valued at amortized cost, which approximates market value.

To the extent the Portfolio holds securities that are primarily listed on foreign exchanges that trade on weekends or other days when the Portfolio does not price its shares, the NAV of the Portfolio's shares may change on days when shareholders will not be able to purchase or redeem the Portfolio's shares.

PURCHASES

Purchases of Shares may be made only by the separate accounts of insurance companies for the purpose of funding variable insurance contracts or by qualified plans. Refer to the prospectus of the appropriate insurance company separate account or your plan documents for information on how to invest in the Shares of the Portfolio. Participating insurance companies and certain other designated organizations are authorized to receive purchase orders on the Portfolio's behalf.

The Portfolio does not permit excessive trading or market timing. Excessive purchases of Portfolio Shares disrupt portfolio management and drive Portfolio expenses higher. The Portfolio reserves the right to reject any specific purchase order. Purchase orders may be refused if, in Janus Capital's opinion, they are of a size that would disrupt the management of the Portfolio. The Portfolio may also suspend or terminate your exchange privilege if you engage in an excessive pattern of exchanges. For more information about the Portfolio's policy on market timing, see "Excessive Trading" on the next page.

Although there is no present intention to do so, the Portfolio may discontinue sales of its shares if management and the Trustees believe that continued sales may adversely affect the Portfolio's ability to achieve its investment objective. If sales of the Portfolio's Shares are discontinued, it is expected that existing policy owners and plan participants invested in the Portfolio would be permitted to continue to authorize investment in the Portfolio and to reinvest any dividends or capital gains distributions, absent highly unusual circumstances.

The Portfolio may discontinue sales to a qualified plan and require plan participants with existing investments in the Shares to redeem those investments if the plan loses (or in the opinion of Janus Capital, is at risk of losing) its qualified plan status.

REDEMPTIONS

Redemptions, like purchases, may be effected only through the separate accounts of participating insurance companies or through qualified plans. Please refer to the appropriate separate account prospectus or plan documents for details.

Shares of the Portfolio may be redeemed on any business day. Redemptions are processed at the NAV next calculated after receipt and acceptance of the redemption order by the Portfolio or its agent. Redemption proceeds will normally be wired to the participating insurance company the business day following receipt of the redemption order, but in no event later than seven days after receipt of such order.

EXCESSIVE TRADING

Excessive trading of Portfolio shares in response to short-term fluctuations in the market — also known as “market timing” — may make it very difficult to manage the Portfolio’s investments. The Portfolio does not permit frequent trading or market timing. When market timing occurs, the Portfolio may have to sell portfolio securities to have the cash necessary to redeem the market timer’s shares. This can happen at a time when it is not advantageous to sell any securities, which may harm the Portfolio’s performance. When large dollar amounts are involved, market timing can also make it difficult to use long-term investment strategies because the portfolio manager cannot predict how much cash the Portfolio will have to invest. When in Janus Capital’s opinion such activity would have a disruptive effect on portfolio management, the Portfolio reserves the right to refuse purchase orders and exchanges into the Portfolio by any person, group or commonly controlled account. If the Portfolio allows a market timer to trade Portfolio shares, it may in the future require the market timer to enter into a written agreement to follow certain procedures and limitations.

SHAREHOLDER COMMUNICATIONS

Shareholders will receive annual and semiannual reports including the financial statements of the Shares of the Portfolio that they have authorized for investment. Each report will show the investments owned by the Portfolio and the market values thereof, as well as other information about the Portfolio and its operations. The Trust’s fiscal year ends December 31.

Financial highlights

The financial highlights table is intended to help you understand the Institutional Shares' financial performance for each of the five most recent years. Items 1 through 11 reflect financial results for a single Share. Total return in the table represents the rate that an investor would have earned (or lost) on an investment in the Institutional Shares of the Portfolio (assuming reinvestment of all dividends and distributions) but does not include charges and expenses attributable to any insurance product. This information has been audited by PricewaterhouseCoopers LLP, whose report, along with the Portfolio's financial statements, is included in the Annual Report, which is available upon request and incorporated by reference into the SAI.

Growth Portfolio – Institutional Shares

	2000	Periods ending December 31			
		1999	1998	1997	1996
1. Net asset value, beginning of period	\$33.65	\$23.54	\$18.48	\$15.51	\$13.45
<i>Income from investment operations:</i>					
2. Net investment income	0.05	0.07	0.05	0.15	0.17
3. Net gains or losses on securities (both realized and unrealized)	(4.59)	10.24	6.36	3.34	2.29
4. Total from investment operations	(4.54)	10.31	6.41	3.49	2.46
<i>Less distributions:</i>					
5. Dividends (from net investment income)	(0.06)	(0.06)	(0.05)	(0.15)	(0.17)
6. Dividends (in excess of net investment income)	—	—	—	—	—
7. Distributions (from capital gains)	(2.14)	(0.14)	(1.30)	(0.37)	(0.23)
8. Distributions (in excess of realized gains)	(0.43)	—	—	—	—
9. Tax return of capital distributions	—	—	—	—	—
10. Total distributions	(2.63)	(0.20)	(1.35)	(0.52)	(0.40)
11. Net asset value, end of period	\$26.48	\$33.65	\$23.54	\$18.48	\$15.51
12. Total return	(14.55%)	43.98%	35.66%	22.75%	18.45%
13. Net assets, end of period (in thousands)	\$3,529,807	\$2,942,649	\$1,103,549	\$608,281	\$325,789
14. Average net assets for the period (in thousands)	\$3,734,449	\$1,775,373	\$789,454	\$477,914	\$216,125
15. Ratio of gross expenses to average net assets ⁽¹⁾	0.67% ⁽²⁾	0.67% ⁽²⁾	0.68% ⁽²⁾	0.70% ⁽²⁾	0.69% ⁽²⁾
16. Ratio of net expenses to average net assets ⁽³⁾	0.67%	0.67%	0.68%	0.69%	0.69%
17. Ratio of net investment income to average net assets	0.19%	0.30%	0.26%	0.91%	1.39%
18. Portfolio turnover rate	47%	53%	73%	122%	87%

(1) The expense ratio reflects expenses prior to any expense offset arrangements.

(2) The ratio was 0.67% in 2000, 0.69% in 1999, 0.75% in 1998, 0.78% in 1997 and 0.83% in 1996 before waiver of certain fees and/or reduction of adviser's fees to the effective rate of Janus Fund.

(3) The expense ratio reflects expenses after any expense offset arrangements.

Glossary of investment terms

This glossary provides a more detailed description of some of the types of securities, investment strategies and other instruments in which the Portfolio may invest. The Portfolio may invest in these instruments to the extent permitted by its investment objective and policies. The Portfolio is not limited by this discussion and may invest in any other types of instruments not precluded by the policies discussed elsewhere in this Prospectus.

I. EQUITY AND DEBT SECURITIES

Bonds are debt securities issued by a company, municipality, government or government agency. The issuer of a bond is required to pay the holder the amount of the loan (or par value of the bond) at a specified maturity and to make scheduled interest payments.

Commercial paper is a short-term debt obligation with a maturity ranging from 1 to 270 days issued by banks, corporations and other borrowers to investors seeking to invest idle cash. The Portfolio may purchase commercial paper issued in private placements under Section 4(2) of the Securities Act of 1933.

Common stocks are equity securities representing shares of ownership in a company and usually carry voting rights and earn dividends. Unlike preferred stock, dividends on common stock are not fixed but are declared at the discretion of the issuer's board of directors.

Convertible securities are preferred stocks or bonds that pay a fixed dividend or interest payment and are convertible into common stock at a specified price or conversion ratio.

Debt securities are securities representing money borrowed that must be repaid at a later date. Such securities have specific maturities and usually a specific rate of interest or an original purchase discount.

Depository receipts are receipts for shares of a foreign-based corporation that entitle the holder to dividends and capital gains on the underlying security. Receipts include those issued by domestic banks (American Depositary Receipts), foreign banks (Global or European Depositary Receipts) and broker-dealers (depository shares).

Fixed-income securities are securities that pay a specified rate of return. The term generally includes short- and long-term government, corporate and municipal obligations that pay a specified rate of interest or coupons for a specified period of time, and preferred stock, which pays fixed dividends. Coupon and dividend rates may be fixed for the life of the issue or, in the case of adjustable and floating rate securities, for a shorter period.

High-yield/High-risk bonds are bonds that are rated below investment grade by the primary rating agencies (e.g., BB or lower by Standard & Poor's and Ba or lower by Moody's). Other terms commonly used to describe such bonds include "lower rated bonds," "noninvestment grade bonds" and "junk bonds."

Mortgage- and asset-backed securities are shares in a pool of mortgages or other debt. These securities are generally pass-through securities, which means that principal and interest payments on the underlying securities (less servicing fees) are passed through to shareholders on a pro rata basis. These securities involve prepayment risk, which is the risk that the underlying mortgages or other debt may be refinanced or paid off prior to their maturities during periods of declining interest rates. In that case, the portfolio manager may have to reinvest the proceeds from the securities at a lower rate. Potential market gains on a security subject to prepayment risk may be more limited than potential market gains on a comparable security that is not subject to prepayment risk.

Passive foreign investment companies (PFICs) are any foreign corporations which generate certain amounts of passive income or hold certain amounts of assets for the production of passive income. Passive income includes dividends, interest, royalties, rents and annuities. To avoid taxes and interest that the

Portfolio must pay if these investments are profitable, the Portfolio may make various elections permitted by the tax laws. These elections could require that the Portfolio recognize taxable income, which in turn must be distributed, before the securities are sold and before cash is received to pay the distributions.

Pay-in-kind bonds are debt securities that normally give the issuer an option to pay cash at a coupon payment date or give the holder of the security a similar bond with the same coupon rate and a face value equal to the amount of the coupon payment that would have been made.

Preferred stocks are equity securities that generally pay dividends at a specified rate and have preference over common stock in the payment of dividends and liquidation. Preferred stock generally does not carry voting rights.

Rule 144A securities are securities that are not registered for sale to the general public under the Securities Act of 1933, but that may be resold to certain institutional investors.

Standby commitments are obligations purchased by the Portfolio from a dealer that give the Portfolio the option to sell a security to the dealer at a specified price.

Step coupon bonds are debt securities that trade at a discount from their face value and pay coupon interest. The discount from the face value depends on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security and the perceived credit quality of the issuer.

Strip bonds are debt securities that are stripped of their interest (usually by a financial intermediary) after the securities are issued. The market value of these securities generally fluctuates more in response to changes in interest rates than interest-paying securities of comparable maturity.

Tender option bonds are generally long-term securities that are coupled with an option to tender the securities to a bank, broker-dealer or other financial institution at periodic intervals and receive the face value of the bond. This type of security is commonly used as a means of enhancing the security's liquidity.

U.S. government securities include direct obligations of the U.S. government that are supported by its full faith and credit. Treasury bills have initial maturities of less than one year, Treasury notes have initial maturities of one to ten years and Treasury bonds may be issued with any maturity but generally have maturities of at least ten years. U.S. government securities also include indirect obligations of the U.S. government that are issued by federal agencies and government sponsored entities. Unlike Treasury securities, agency securities generally are not backed by the full faith and credit of the U.S. government. Some agency securities are supported by the right of the issuer to borrow from the Treasury, others are supported by the discretionary authority of the U.S. government to purchase the agency's obligations and others are supported only by the credit of the sponsoring agency.

Variable and floating rate securities have variable or floating rates of interest and, under certain limited circumstances, may have varying principal amounts. These securities pay interest at rates that are adjusted periodically according to a specified formula, usually with reference to some interest rate index or market interest rate (the "underlying index"). The floating rate tends to decrease the security's price sensitivity to changes in interest rates.

Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to buy a proportionate amount of common stock at a specified price. The specified price is usually higher than the market price at the time of issuance of the warrant. The right may last for a period of years or indefinitely.

Zero coupon bonds are debt securities that do not pay regular interest at regular intervals, but are issued at a discount from face value. The discount approximates the total amount of interest the security will accrue from the date of issuance to maturity. The market value of these securities generally fluctuates more in response to changes in interest rates than interest-paying securities.

II. FUTURES, OPTIONS AND OTHER DERIVATIVES

Forward contracts are contracts to purchase or sell a specified amount of a financial instrument for an agreed upon price at a specified time. Forward contracts are not currently exchange traded and are typically negotiated on an individual basis. The Portfolio may enter into forward currency contracts to hedge against declines in the value of securities denominated in, or whose value is tied to, a currency other than the U.S. dollar or to reduce the impact of currency appreciation on purchases of such securities. It may also enter into forward contracts to purchase or sell securities or other financial indices.

Futures contracts are contracts that obligate the buyer to receive and the seller to deliver an instrument or money at a specified price on a specified date. The Portfolio may buy and sell futures contracts on foreign currencies, securities and financial indices including indices of U.S. government, foreign government, equity or fixed-income securities. The Portfolio may also buy options on futures contracts. An option on a futures contract gives the buyer the right, but not the obligation, to buy or sell a futures contract at a specified price on or before a specified date. Futures contracts and options on futures are standardized and traded on designated exchanges.

Indexed/structured securities are typically short- to intermediate-term debt securities whose value at maturity or interest rate is linked to currencies, interest rates, equity securities, indices, commodity prices or other financial indicators. Such securities may be positively or negatively indexed (i.e. their value may increase or decrease if the reference index or instrument appreciates). Indexed/structured securities may have return characteristics similar to direct investments in the underlying instruments and may be more volatile than the underlying instruments. The Portfolio bears the market risk of an investment in the underlying instruments, as well as the credit risk of the issuer.

Interest rate swaps involve the exchange by two parties of their respective commitments to pay or receive interest (e.g., an exchange of floating rate payments for fixed rate payments).

Inverse floaters are debt instruments whose interest rate bears an inverse relationship to the interest rate on another instrument or index. For example, upon reset the interest rate payable on a security may go down when the underlying index has risen. Certain inverse floaters may have an interest rate reset mechanism that multiplies the effects of change in the underlying index. Such mechanism may increase the volatility of the security's market value.

Options are the right, but not the obligation, to buy or sell a specified amount of securities or other assets on or before a fixed date at a predetermined price. The Portfolio may purchase and write put and call options on securities, securities indices and foreign currencies.

III. OTHER INVESTMENTS, STRATEGIES AND/OR TECHNIQUES

Repurchase agreements involve the purchase of a security by the Portfolio and a simultaneous agreement by the seller (generally a bank or dealer) to repurchase the security from the Portfolio at a specified date or upon demand. This technique offers a method of earning income on idle cash. These securities involve the risk that the seller will fail to repurchase the security, as agreed. In that case, the Portfolio will bear the risk of market value fluctuations until the security can be sold and may encounter delays and incur costs in liquidating the security.

Reverse repurchase agreements involve the sale of a security by the Portfolio to another party (generally a bank or dealer) in return for cash and an agreement by the Portfolio to buy the security back at a specified price and time. This technique will be used primarily to provide cash to satisfy unusually high redemption requests, or for other temporary or emergency purposes.

Short sales in which the Portfolio may engage may be of two types, short sales “against the box” or “naked” short sales. Short sales against the box involve selling either a security that the Portfolio owns, or a security equivalent in kind or amount to the security sold short that the Portfolio has the right to obtain, for delivery at a specified date in the future. Naked short sales involve selling a security that the Portfolio borrows and does not own. The Portfolio may enter into a short sale to hedge against anticipated declines in the market price of a security or to reduce portfolio volatility. If the value of a security sold short increases prior to the scheduled delivery date, the Portfolio loses the opportunity to participate in the gain. For “naked” short sales, the Portfolio will incur a loss if the value of a security increases during this period because it will be paying more for the security than it has received from the purchaser in the short sale and if the price declines during this period, the Portfolio will realize a short-term capital gain. Although the Portfolio’s potential for gain as a result of a short sale is limited to the price at which it sold the security short less the cost of borrowing the security, its potential for loss is theoretically unlimited because there is no limit to the cost of replacing the borrowed security.

When-issued, delayed delivery and forward transactions generally involve the purchase of a security with payment and delivery at some time in the future – i.e., beyond normal settlement. The Portfolio does not earn interest on such securities until settlement and bears the risk of market value fluctuations in between the purchase and settlement dates. New issues of stocks and bonds, private placements and U.S. government securities may be sold in this manner.

Contract described herein is not intended for sale

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You can request other information, including a Statement of Additional Information, Annual Report or Semiannual Report, free of charge, by contacting your insurance company or plan sponsor or visiting our Web site at janus.com. In the Portfolio's Annual Report, you will find a discussion of the market conditions and investment strategies that significantly affected the Portfolio's performance during its last fiscal year. Other information is also available from financial intermediaries that sell Shares of the Portfolio.

The Statement of Additional Information provides detailed information about the Portfolio and is incorporated into this Prospectus by reference. You may review and copy information about the Portfolio (including the Portfolio's Statement of Additional Information) at the Public Reference Room of the SEC or get text only copies, after paying a duplicating fee, by sending an electronic request by e-mail to publicinfo@sec.gov or by writing to or calling the Public Reference Room, Washington, D.C. 20549-0102 (1-202-942-8090). You may also obtain reports and other information about the Portfolio from the Electronic Data Gathering Analysis and Retrieval (EDGAR) Database on the SEC's Web site at <http://www.sec.gov>.



Janus Aspen Series

Institutional Shares

PROSPECTUS

May 1, 2001

International Growth Portfolio

Contract described herein is no longer available for sale.

The Securities and Exchange Commission has not approved or disapproved of these securities or passed on the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.



This prospectus describes International Growth Portfolio (the “Portfolio”). This Portfolio of Janus Aspen Series currently offers two classes of shares. The Institutional Shares (the “Shares”) are sold under the name of “Janus Aspen Series” and are offered by this prospectus in connection with investment in and payments under variable annuity contracts and variable life insurance contracts (collectively, “variable insurance contracts”), as well as certain qualified retirement plans.

Janus Aspen Series sells and redeems its Shares at net asset value without sales charges, commissions or redemption fees. Each variable insurance contract involves fees and expenses that are not described in this Prospectus. See the accompanying contract prospectus for information regarding contract fees and expenses and any restrictions on purchases or allocations.

This prospectus contains information that a prospective purchaser of a variable insurance contract or plan participant should consider in conjunction with the accompanying separate account prospectus of the specific insurance company product before allocating purchase payments or premiums to the Portfolio.

Contract described herein is no longer available for sale.

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Risk return summary

INTERNATIONAL GROWTH PORTFOLIO

International Growth Portfolio is designed for long-term investors who primarily seek growth of capital and who can tolerate the greater risks associated with common stock investments.

1. What is the investment objective of International Growth Portfolio?

International Growth Portfolio seeks long-term growth of capital.

The Portfolio's Trustees may change this objective without a shareholder vote and the Portfolio will notify you of any changes that are material. If there is a material change to the Portfolio's objective or policies, you should consider whether the Portfolio remains an appropriate investment for you. There is no guarantee that the Portfolio will meet its objective.

2. What are the main investment strategies of International Growth Portfolio?

The portfolio managers apply a "bottom up" approach in choosing investments. In other words, they look at companies one at a time to determine if a company is an attractive investment opportunity and is consistent with the Portfolio's investment policies. If the portfolio managers are unable to find investments with earnings growth potential, a significant portion of the Portfolio's assets may be in cash or similar investments.

Within the parameters of its specific investment policies discussed below, the Portfolio may invest without limit in foreign equity and debt securities.

The Portfolio will limit its investment in high-yield/high-risk bonds to less than 35% of its net assets.

International Growth Portfolio normally invests at least 65% of its total assets in securities of issuers from at least five different countries, excluding the United States. Although the Portfolio intends to invest substantially all of its assets in issuers located outside the United States, it may at times invest in U.S. issuers and it may at times invest all of its assets in fewer than five countries, or even a single country.

3. What are the main risks of investing in International Growth Portfolio?

The biggest risk is that the Portfolio's returns may vary, and you could lose money. International Growth Portfolio is each designed for long-term investors who can accept the risks of investing in a portfolio with significant common stock holdings. Common stocks tend to be more volatile than other investment choices.

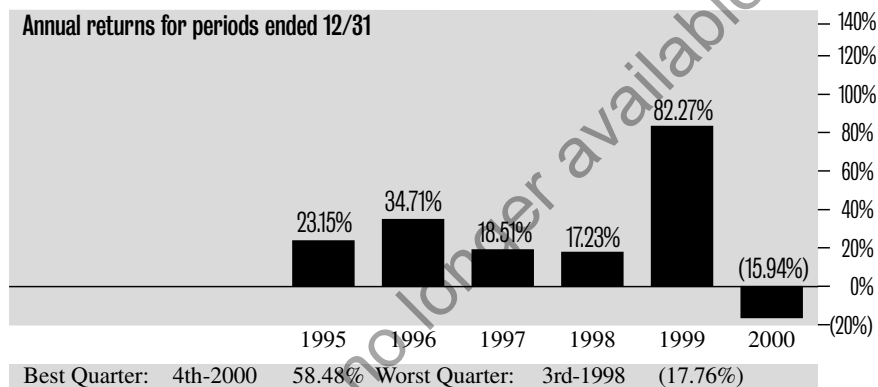
The value of the Portfolio's holdings may decrease if the value of an individual company in the portfolio decreases. The value of the Portfolio's holdings could also decrease if the stock market goes down. If the value of the Portfolio's holdings decreases, the Portfolio's net asset value (NAV) will also decrease, which means if you sell your shares in the Portfolio you may get back less money.

International Growth Portfolio may have significant exposure to foreign markets. As a result, its returns and NAV may be affected to a large degree by fluctuations in currency exchange rates or political or economic conditions in a particular country.

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

The following information provides some indication of the risks of investing in International Growth Portfolio by showing how International Growth Portfolio's performance has varied over time. The bar chart depicts the change in performance from year to year during the periods indicated. The table compares the average annual returns for the Shares of the Portfolio for the periods indicated to a broad-based securities market index.

International Growth Portfolio – Institutional Shares



Average annual total return for periods ended 12/31/00

	1 year	5 years	Since Inception (5/2/94)
International Growth Portfolio – Institutional Shares	(15.94%)	23.45%	20.32%
Morgan Stanley Capital International EAFE® Index*	(14.17%)	7.13%	6.99%

* The Morgan Stanley Capital International EAFE® Index is a market capitalization weighted index composed of companies representative of the market structure of 20 Developed Market countries in Europe, Australasia and the Far East.

International Growth Portfolio's past performance does not necessarily indicate how it will perform in the future.

FEES AND EXPENSES

Shareholder fees, such as sales loads, redemption fees or exchange fees, are charged directly to an investor's account. The Janus funds are no-load investments, so you will generally not pay any shareholder fees when you buy or sell shares of the Portfolio. However, each variable insurance contract involves fees and expenses not described in this prospectus. See the accompanying contract prospectus for information regarding contract fees and expenses and any restrictions on purchases or allocations.

Annual fund operating expenses are paid out of the Portfolio's assets and include fees for portfolio management, maintenance of shareholder accounts, shareholder servicing, accounting and other services. You do not pay these fees directly but, as the example below shows, these costs are borne indirectly by all shareholders.

This table and example are designed to assist participants in qualified plans that invest in the Shares of the Portfolio in understanding the fees and expenses that you may pay as an investor in the Shares. **Owners of variable insurance contracts that invest in the Shares should refer to the variable insurance contract prospectus for a description of fees and expenses, as the table and example do not reflect deductions at the separate account level or contract level for any charges that may be incurred under a contract.**

	Management Fee	Other Expenses	Total Annual Fund Operating Expenses*	
International Growth Portfolio	0.65%	0.06%	0.71%	
* Expenses are based upon expenses for the year ended December 31, 2000, restated to reflect a reduction in the management fee. All expenses are shown without the effect of any expense offset arrangements.				
EXAMPLE:				
This example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year, and that the Portfolio's operating expenses remain the same. Since no sales load applies, the results apply whether or not you redeem your investment at the end of each period. Although your actual costs may be higher or lower, based on these assumptions your costs would be:				
	1 Year	3 Years	5 Years	10 Years
International Growth Portfolio	\$ 73	\$ 227	\$ 395	\$ 883

Investment objective, principal investment strategies and risks

International Growth Portfolio has a similar investment objective and similar principal investment strategies to Janus Overseas Fund. Although it is anticipated that the Portfolio and Janus Overseas Fund will hold similar securities, differences in asset size, cash flow needs and other factors may result in differences in investment performance. The expenses of the Portfolio and Janus Overseas Fund are expected to differ. The variable contract owner will also bear various insurance related costs at the insurance company level. You should review the accompanying separate account prospectus for a summary of fees and expenses.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

This section takes a closer look at the investment objective of International Growth Portfolio, its principal investment strategies and certain risks of investing in International Growth Portfolio. Strategies and policies that are noted as “fundamental” cannot be changed without a shareholder vote.

Please carefully review the “Risks” section of this Prospectus for a discussion of risks associated with certain investment techniques. We’ve also included a Glossary with descriptions of investment terms used throughout this Prospectus.

International Growth Portfolio seeks long-term growth of capital. Normally, the Portfolio pursues its objective by investing at least 65% of its total assets in securities of issuers from at least five different countries, excluding the United States. Although the Portfolio intends to invest substantially all of its assets in issuers located outside the United States, it may at times invest in U.S. issuers and it may at times invest all of its assets in fewer than five countries or even a single country.

The following questions and answers are designed to help you better understand International Growth Portfolio’s principal investment strategies.

1. How are common stocks selected?

Consistent with its investment objective and policies, the Portfolio may invest substantially all of its assets in common stocks if the portfolio managers believe that common stocks will appreciate in value. The portfolio managers generally take a “bottom up” approach to selecting companies. This means they seek to identify individual companies with earnings growth potential that may not be recognized by the market at large. The portfolio managers make this assessment by looking at companies one at a time, regardless of size, country of organization, place of principal business activity, or other similar selection criteria.

Realization of income is not a significant consideration when choosing investments for the Portfolio. Income realized on the Portfolio’s investments may be incidental to its objective.

2. Are the same criteria used to select foreign securities?

Generally, yes. The portfolio managers seek companies that meet their selection criteria, regardless of where a company is located. Foreign securities are generally selected on a stock-by-stock basis without regard to any defined allocation among countries or geographic regions. However, certain factors such as expected levels of inflation, government policies influencing business conditions, the outlook for currency relationships, and prospects for economic growth among countries, regions or geographic areas may warrant greater consideration in selecting foreign securities. There are no limitations on the countries in which the Portfolio may invest and the Portfolio may at times have significant foreign exposure.

3. What does “market capitalization” mean?

Market capitalization is the most commonly used measure of the size and value of a company. It is computed by multiplying the current market price of a share of the company’s stock by the total number of its shares outstanding. The Portfolio does not emphasize companies of any particular size.

GENERAL PORTFOLIO POLICIES

The percentage limitations included in these policies and elsewhere in this Prospectus apply at the time of purchase of a security. So, for example, if the Portfolio exceeds a limit as a result of market fluctuations or the sale of other securities, it will not be required to dispose of any securities.

Cash Position

When the portfolio managers believe that market conditions are unfavorable for profitable investing, or when they are otherwise unable to locate attractive investment opportunities, the Portfolio’s cash or similar investments may increase. In other words, the Portfolio does not always stay fully invested in stocks and bonds. Cash or similar investments generally are a residual—they represent the assets that remain after the portfolio managers have committed available assets to desirable investment opportunities. However, the portfolio managers may also temporarily increase the Portfolio’s cash position to protect its assets or maintain liquidity. When the Portfolio’s investments in cash or similar investments increase, it may not participate in market advances or declines to the same extent that it would if the Portfolio remained more fully invested in stocks or bonds.

Other Types of Investments

International Growth Portfolio invests primarily in domestic and foreign equity securities, which may include preferred stocks, common stocks, warrants and securities convertible into common or preferred stocks. To a lesser degree, the Portfolio may invest in other types of domestic and foreign securities and use other investment strategies, which are described in the Glossary. These may include:

- debt securities
- indexed/structured securities
- high-yield/high-risk bonds (less than 35% of the Portfolio’s assets)
- options, futures, forwards, swaps and other types of derivatives for hedging purposes or for non-hedging purposes such as seeking to enhance return
- short sales (no more than 8% of the Portfolio’s assets may be invested in “naked” short sales)
- securities purchased on a when-issued, delayed delivery or forward commitment basis

Illiquid Investments

The Portfolio may invest up to 15% of its net assets in illiquid investments. An illiquid investment is a security or other position that cannot be disposed of quickly in the normal course of business. For example, some securities are not registered under U.S. securities laws and cannot be sold to the U.S. public because of SEC regulations (these are known as “restricted securities”). Under procedures adopted by the Portfolio’s Trustees, certain restricted securities may be deemed liquid, and will not be counted toward this 15% limit.

Foreign Securities

Within the parameters of its specific investment policies, the Portfolio may invest without limit in foreign equity and debt securities. The Portfolio may invest directly in foreign securities denominated in a foreign currency and not publicly traded in the United States. Other ways of investing in foreign securities include depository receipts or shares and passive foreign investment companies.

Special Situations

The Portfolio may invest in special situations. A special situation arises when, in the opinion of the Portfolio's managers, the securities of a particular issuer will be recognized and appreciate in value due to a specific development with respect to that issuer. Special situations may include significant changes in a company's allocation of its existing capital, a restructuring of assets, or a redirection of free cash flow. Developments creating a special situation might include, among others, a new product or process, a technological breakthrough, a management change or other extraordinary corporate event, or differences in market supply of and demand for the security. The Portfolio's performance could suffer if the anticipated development in a "special situation" investment does not occur or does not attract the expected attention.

Portfolio Turnover

The Portfolio generally intends to purchase securities for long-term investment, although, to the extent permitted by its specific investment policies, the Portfolio may purchase securities in anticipation of relatively short-term price gains. Short-term transactions may also result from liquidity needs, securities having reached a price or yield objective, changes in interest rates or the credit standing of an issuer, or by reason of economic or other developments not foreseen at the time of the investment decision. The Portfolio may also sell one security and simultaneously purchase the same or a comparable security to take advantage of short-term differentials in bond yields or securities prices. Changes are made in the Portfolio's holdings whenever the portfolio managers believe such changes are desirable. Portfolio turnover rates are generally not a factor in making buy and sell decisions.

Increased portfolio turnover may result in higher costs for brokerage commissions, dealer mark-ups and other transaction costs and may also result in taxable capital gains. Higher costs associated with increased portfolio turnover may offset gains in the Portfolio's performance.

RISKS FOR INTERNATIONAL GROWTH PORTFOLIO

Because the Portfolio may invest substantially all of its assets in common stocks, the main risk is the risk that the value of the stocks it holds might decrease in response to the activities of an individual company or in response to general market and/or economic conditions. If this occurs, the Portfolio's share price may also decrease. The Portfolio's performance may also be affected by risks specific to certain types of investments, such as foreign securities, derivative investments, non-investment grade bonds, initial public offerings (IPOs) or companies with relatively small market capitalizations. IPOs and other investment techniques may have a magnified performance impact on a Portfolio with a small asset base. A Portfolio may not experience similar performance as its assets grow.

The following questions and answers are designed to help you better understand some of the risks of investing in International Growth Portfolio.

1. *The Portfolio may invest in smaller or newer companies. Does this create any special risks?*

Many attractive investment opportunities may be smaller, start-up companies offering emerging products or services. Smaller or newer companies may suffer more significant losses as well as realize more substantial growth than larger or more established issuers because they may lack depth of management, be unable to generate funds necessary for growth or potential development, or be developing or marketing new products or services for which markets are not yet established and may never become established. In addition, such companies may be insignificant factors in their industries and may become subject to intense competition from larger or more established companies. Securities of smaller or newer companies may have more limited trading markets than the markets for securities of larger or more established issuers, or may not be publicly traded at all, and may be subject to wide price fluctuations. Investments in such companies tend to be more volatile and somewhat more speculative.

2. *How could the Portfolio's investments in foreign securities affect its performance?*

Within the parameters of its specific investment policies, the Portfolio may invest without limit in foreign securities either indirectly (e.g., depository receipts) or directly in foreign markets. Investments in foreign securities, including those of foreign governments, may involve greater risks than investing in domestic securities because the Portfolio's performance may depend on issues other than the performance of a particular company. These issues include:

- **Currency Risk.** As long as the Portfolio holds a foreign security, its value will be affected by the value of the local currency relative to the U.S. dollar. When the Portfolio sells a foreign denominated security, its value may be worth less in U.S. dollars even if the security increases in value in its home country. U.S. dollar denominated securities of foreign issuers may also be affected by currency risk.
- **Political and Economic Risk.** Foreign investments may be subject to heightened political and economic risks, particularly in emerging markets which may have relatively unstable governments, immature economic structures, national policies restricting investments by foreigners, different legal systems, and economies based on only a few industries. In some countries, there is the risk that the government may take over the assets or operations of a company or that the government may impose taxes or limits on the removal of the Portfolio's assets from that country.
- **Regulatory Risk.** There may be less government supervision of foreign markets. As a result, foreign issuers may not be subject to the uniform accounting, auditing and financial reporting standards and practices applicable to domestic issuers and there may be less publicly available information about foreign issuers.

- **Market Risk.** Foreign securities markets, particularly those of emerging market countries, may be less liquid and more volatile than domestic markets. Certain markets may require payment for securities before delivery and delays may be encountered in settling securities transactions. In some foreign markets, there may not be protection against failure by other parties to complete transactions.
- **Transaction Costs.** Costs of buying, selling and holding foreign securities, including brokerage, tax and custody costs, may be higher than those involved in domestic transactions.

3. Are there special risks associated with investments in high-yield/high-risk bonds?

High-yield/high-risk bonds (or “junk” bonds) are bonds rated below investment grade by the primary rating agencies such as Standard & Poor’s and Moody’s. The value of lower quality bonds generally is more dependent on credit risk and default risk than investment grade bonds. Issuers of high-yield bonds may not be as strong financially as those issuing bonds with higher credit ratings and are more vulnerable to real or perceived economic changes, political changes or adverse developments specific to the issuer.

Please refer to the SAI for a description of bond rating categories.

4. How does the Portfolio try to reduce risk?

The Portfolio may use futures, options, swaps and other derivative instruments to “hedge” or protect its portfolio from adverse movements in securities prices and interest rates. The Portfolio may also use a variety of currency hedging techniques, including forward currency contracts, to manage exchange rate risk. The portfolio managers believe the use of these instruments will benefit the Portfolio. However, the Portfolio’s performance could be worse than if the Portfolio had not used such instruments if the portfolio managers’ judgement proves incorrect.

Management of the Portfolio

INVESTMENT ADVISER

Janus Capital, 100 Fillmore Street, Denver, Colorado 80206-4928, is the investment adviser to the Portfolio and is responsible for the day-to-day management of the investment portfolio and other business affairs of the Portfolio.

Janus Capital began serving as investment adviser to Janus Fund in 1970 and currently serves as investment adviser to all of the Janus retail funds, acts as sub-adviser for a number of private-label mutual funds and provides separate account advisory services for institutional accounts.

Janus Capital furnishes continuous advice and recommendations concerning the Portfolio's investments. Janus Capital also furnishes certain administrative, compliance and accounting services for the Portfolio, and may be reimbursed by the Portfolio for its costs in providing those services. In addition, Janus Capital employees serve as officers of the Trust and Janus Capital provides office space for the Portfolio and pays the salaries, fees and expenses of all Portfolio officers and those Trustees who are affiliated with Janus Capital.

Participating insurance companies that purchase the Portfolio's shares may perform certain administrative services relating to the Portfolio and Janus Capital or the Portfolio may pay those companies for such services.

MANAGEMENT EXPENSES

The Portfolio pays Janus Capital a management fee which is calculated daily and paid monthly. The Portfolio's advisory agreement spells out the management fee and other expenses that the Portfolio must pay. For the year ended December 31, 2000, the Portfolio paid Janus Capital a management fee of 0.65% of the Portfolio's average net assets.

The Shares of the Portfolio incur expenses not assumed by Janus Capital, including transfer agent and custodian fees and expenses, legal and auditing fees, printing and mailing costs of sending reports and other information to existing shareholders, and independent Trustees' fees and expenses.

Contract described herein is no longer available for sale.

PORTFOLIO MANAGERS

Helen Young Hayes

is Executive Vice President and co-manager of International Growth Portfolio and Worldwide Growth Portfolio, which she has managed or co-managed since inception. Ms. Hayes is Executive Vice President and co-manager of Janus Adviser Worldwide Fund and Janus Adviser International Fund, each of which she has co-managed since inception. She is also co-manager of Janus Worldwide Fund and Janus Overseas Fund, each of which she has managed or co-managed since inception. Ms. Hayes joined Janus Capital in 1987. She holds a Bachelor of Arts in Economics from Yale University and she has earned the right to use the Chartered Financial Analyst designation.

Brent A. Lynn

is Executive Vice President and co-manager of International Growth Portfolio and Janus Overseas Fund, which he has co-managed since January 2001. He is also Executive Vice President and co-manager of Janus Adviser International Fund, which he has co-managed since January 2001. Mr. Lynn joined Janus Capital in 1991 as a research analyst. He holds a Bachelor of Arts degree in Economics and a Master's degree in Economics and Industrial Engineering from Stanford University. Mr. Lynn has earned the right to use the Chartered Financial Analyst designation.

Contract described herein is no longer available for sale.

Other information

Classes of Shares

The Portfolio currently offers two classes of Shares, one of which, the Institutional Shares, is offered pursuant to this prospectus and are sold under the name Janus Aspen Series. The Shares offered by this Prospectus are available only in connection with investment in and payments under variable insurance contracts, as well as certain qualified retirement plans. Service Shares of the Portfolio are offered only in connection with investment in and payments under variable insurance contracts as well as certain qualified retirement plans that require a fee from Portfolio assets to procure distribution and administrative services to contract owners and plan participants. Because the expenses of each class may differ, the performance of each class is expected to differ. If you would like additional information about the Service Shares, please call 1-800-525-0020.

Conflicts of Interest

The Shares offered by this prospectus are available only to variable annuity and variable life separate accounts of insurance companies that are unaffiliated with Janus Capital and to certain qualified retirement plans. Although the Portfolio does not currently anticipate any disadvantages to policy owners because the Portfolio offers its shares to such entities, there is a possibility that a material conflict may arise. The Trustees monitor events in order to identify any disadvantages or material irreconcilable conflicts and to determine what action, if any, should be taken in response. If a material disadvantage or conflict occurs, the Trustees may require one or more insurance company separate accounts or qualified plans to withdraw its investments in the Portfolio or substitute Shares of another Portfolio. If this occurs, the Portfolio may be forced to sell its securities at disadvantageous prices. In addition, the Trustees may refuse to sell Shares of the Portfolio to any separate account or qualified plan or may suspend or terminate the offering of the Portfolio's Shares if such action is required by law or regulatory authority or is in the best interests of the Portfolio's shareholders. It is possible that a qualified plan investing in the Portfolio could lose its qualified plan status under the Internal Revenue Code, which could have adverse tax consequences on insurance company separate accounts investing in the Portfolio. Janus Capital intends to monitor such qualified plans and the Portfolio may discontinue sales to a qualified plan and require plan participants with existing investments in the Portfolio to redeem those investments if a plan loses (or in the opinion of Janus Capital is at risk of losing) its qualified plan status.

Distribution of the Portfolio

The Portfolio is distributed by Janus Distributors, Inc., a member of the National Association of Securities Dealers, Inc. ("NASD"). To obtain information about NASD member firms and their associated persons, you may contact NASD Regulation, Inc. at www.nasdr.com, or the Public Disclosure Hotline at 800-289-9999. An investor brochure containing information describing the Public Disclosure Program is available from NASD Regulation, Inc.

Distributions and taxes

DISTRIBUTIONS

To avoid taxation of the Portfolio, the Internal Revenue Code requires the Portfolio to distribute net income and any net gains realized on its investments annually. The Portfolio's income from dividends and interest and any net realized short-term gains are paid to shareholders as ordinary income dividends. Net realized long-term gains are paid to shareholders as capital gains distributions.

How Distributions Affect the Portfolio's NAV

Distributions are paid to shareholders as of the record date of the distribution of the Portfolio, regardless of how long the shares have been held. Undistributed income and realized gains are included in the daily NAV of the Portfolio's Shares. The Share price of the Portfolio drops by the amount of the distribution, net of any subsequent market fluctuations. For example, assume that on December 31, the Shares of International Growth Portfolio declared a dividend in the amount of \$0.25 per share. If the price of International Growth Portfolio's Shares was \$10.00 on December 30, the share price on December 31 would be \$9.75, barring market fluctuations.

TAXES

Taxes on Distributions

Because Shares of the Portfolio may be purchased only through variable insurance contracts and qualified plans, it is anticipated that any income dividends or capital gains distributions made by the Shares of the Portfolio will be exempt from current taxation if left to accumulate within the variable insurance contract or qualified plan. Generally, withdrawals from such contracts may be subject to ordinary income tax and, if made before age 59½, a 10% penalty tax. The tax status of your investment depends on the features of your qualified plan or variable insurance contract. Further information may be found in your plan documents or in the prospectus of the separate account offering such contract.

Taxation of the Portfolio

Dividends, interest and some gains received by the Portfolio on foreign securities may be subject to tax withholding or other foreign taxes. The Portfolio may from year to year make the election permitted under Section 853 of the Internal Revenue Code to pass through such taxes to shareholders as a foreign tax credit. If such an election is not made, any foreign taxes paid or accrued will represent an expense to the Portfolio.

The Portfolio does not expect to pay any federal income or excise taxes because it intends to meet certain requirements of the Internal Revenue Code. In addition, because the Shares of the Portfolio are sold in connection with variable insurance contracts, the Portfolio intends to qualify under the Internal Revenue Code with respect to the diversification requirements related to the tax-deferred status of insurance company separate accounts.

Shareholder's | guide

INVESTORS MAY NOT PURCHASE OR REDEEM SHARES OF THE PORTFOLIO DIRECTLY. SHARES MAY BE PURCHASED OR REDEEMED ONLY THROUGH VARIABLE INSURANCE CONTRACTS OFFERED BY THE SEPARATE ACCOUNTS OF PARTICIPATING INSURANCE COMPANIES OR THROUGH QUALIFIED RETIREMENT PLANS. **REFER TO THE PROSPECTUS FOR THE PARTICIPATING INSURANCE COMPANY'S SEPARATE ACCOUNT OR YOUR PLAN DOCUMENTS FOR INSTRUCTIONS ON PURCHASING OR SELLING OF VARIABLE INSURANCE CONTRACTS AND ON HOW TO SELECT THE PORTFOLIO AS AN INVESTMENT OPTION FOR A CONTRACT OR A QUALIFIED PLAN.**

PRICING OF PORTFOLIO SHARES

Investments will be processed at the NAV next calculated after an order is received and accepted by the Portfolio or its agent. In order to receive a day's price, your order must be received by the close of the regular trading session of the New York Stock Exchange. Securities of the Portfolio are valued at market value or, if a market quotation is not readily available, at their fair value determined in good faith under procedures established by and under the supervision of the Trustees. Short-term instruments maturing within 60 days are valued at amortized cost, which approximates market value.

To the extent the Portfolio holds securities that are primarily listed on foreign exchanges that trade on weekends or other days when the Portfolio does not price its shares, the NAV of the Portfolio's shares may change on days when shareholders will not be able to purchase or redeem the Portfolio's shares.

PURCHASES

Purchases of Shares may be made only by the separate accounts of insurance companies for the purpose of funding variable insurance contracts or by qualified plans. Refer to the prospectus of the appropriate insurance company separate account or your plan documents for information on how to invest in the Shares of the Portfolio. Participating insurance companies and certain other designated organizations are authorized to receive purchase orders on the Portfolio's behalf.

The Portfolio does not permit excessive trading or market timing. Excessive purchases of Portfolio Shares disrupt portfolio management and drive Portfolio expenses higher. The Portfolio reserves the right to reject any specific purchase order. Purchase orders may be refused if, in Janus Capital's opinion, they are of a size that would disrupt the management of the Portfolio. The Portfolio may also suspend or terminate your exchange privilege if you engage in an excessive pattern of exchanges. For more information about the Portfolio's policy on market timing, see "Excessive Trading" on the next page.

Although there is no present intention to do so, the Portfolio may discontinue sales of its shares if management and the Trustees believe that continued sales may adversely affect the Portfolio's ability to achieve its investment objective. If sales of the Portfolio's Shares are discontinued, it is expected that existing policy owners and plan participants invested in the Portfolio would be permitted to continue to authorize investment in the Portfolio and to reinvest any dividends or capital gains distributions, absent highly unusual circumstances.

The Portfolio may discontinue sales to a qualified plan and require plan participants with existing investments in the Shares to redeem those investments if the plan loses (or in the opinion of Janus Capital, is at risk of losing) its qualified plan status.

REDEMPTIONS

Redemptions, like purchases, may be effected only through the separate accounts of participating insurance companies or through qualified plans. Please refer to the appropriate separate account prospectus or plan documents for details.

Shares of the Portfolio may be redeemed on any business day. Redemptions are processed at the NAV next calculated after receipt and acceptance of the redemption order by the Portfolio or its agent. Redemption proceeds will normally be wired to the participating insurance company the business day following receipt of the redemption order, but in no event later than seven days after receipt of such order.

EXCESSIVE TRADING

Excessive trading of Portfolio shares in response to short-term fluctuations in the market — also known as “market timing” — may make it very difficult to manage the Portfolio’s investments. The Portfolio does not permit frequent trading or market timing. When market timing occurs, the Portfolio may have to sell portfolio securities to have the cash necessary to redeem the market timer’s shares. This can happen at a time when it is not advantageous to sell any securities, which may harm the Portfolio’s performance. When large dollar amounts are involved, market timing can also make it difficult to use long-term investment strategies because the portfolio managers cannot predict how much cash the Portfolio will have to invest. When in Janus Capital’s opinion such activity would have a disruptive effect on portfolio management, the Portfolio reserves the right to refuse purchase orders and exchanges into the Portfolio by any person, group or commonly controlled account. If the Portfolio allows a market timer to trade Portfolio shares, it may in the future require the market timer to enter into a written agreement to follow certain procedures and limitations.

SHAREHOLDER COMMUNICATIONS

Shareholders will receive annual and semiannual reports including the financial statements of the Shares of the Portfolio that they have authorized for investment. Each report will show the investments owned by the Portfolio and the market values thereof, as well as other information about the Portfolio and its operations. The Trust’s fiscal year ends December 31.

Financial highlights

The financial highlights table is intended to help you understand the Institutional Shares' financial performance for each of the five most recent years. Items 1 through 11 reflect financial results for a single Share. Total return in the table represents the rate that an investor would have earned (or lost) on an investment in the Institutional Shares of the Portfolio (assuming reinvestment of all dividends and distributions) but does not include charges and expenses attributable to any insurance product. This information has been audited by PricewaterhouseCoopers LLP, whose report, along with the Portfolio's financial statements, is included in the Annual Report, which is available upon request and incorporated by reference into the SAI.

International Growth Portfolio – Institutional Shares

	2000	Periods ending December 31			
		1999	1998	1997	1996
1. Net asset value, beginning of period	\$38.67	\$21.27	\$18.48	\$15.72	\$11.95
<i>Income from investment operations:</i>					
2. Net investment income	0.62	0.06	0.13	0.11	0.05
3. Net gains or losses on securities (both realized and unrealized)	(6.51)	17.40	3.07	2.80	4.06
4. Total from investment operations	(5.89)	17.46	3.20	2.91	4.11
<i>Less distributions:</i>					
5. Dividends (from net investment income)	(0.63)	(0.06)	(0.14)	(0.11)	(0.11)
6. Dividends (in excess of net investment income)	—	—	—	—	—
7. Distributions (from capital gains)	—	—	—	(0.01)	(0.23)
8. Distributions (in excess of realized gains)	(0.91)	—	(0.27)	(0.03)	—
9. Tax return of capital distributions	(0.34)	—	—	—	—
10. Total distributions	(1.88)	(0.06)	(0.41)	(0.15)	(0.34)
11. Net asset value, end of period	\$30.90	\$38.67	\$21.27	\$18.48	\$15.72
12. Total return*	(15.94%)	82.27%	17.23%	18.51%	34.71%
13. Net assets, end of period (in thousands)	\$1,158,666	\$810,392	\$311,110	\$161,091	\$27,192
14. Average net assets for the period (in thousands)	\$1,214,163	\$425,876	\$234,421	\$96,164	\$7,437
15. Ratio of gross expenses to average net assets ⁽¹⁾	0.71% ⁽²⁾	0.77% ⁽²⁾	0.86% ⁽²⁾	0.96% ⁽²⁾	1.26% ⁽²⁾
16. Ratio of net expenses to average net assets ⁽³⁾	0.71%	0.76%	0.86%	0.96%	1.25%
17. Ratio of net investment income to average net assets	1.88%	0.26%	0.73%	0.70%	0.62%
18. Portfolio turnover rate	67%	80%	93%	86%	65%

(1) The expense ratio reflects expenses prior to any expense offset arrangements.

(2) The ratio was 0.71% in 2000, 0.84% in 1999, 0.95% in 1998, 1.08% in 1997 and 2.21% in 1996 before waiver of certain fees and/or reduction of adviser's fees to the effective rate of Janus Overseas Fund.

(3) The expense ratio reflects expenses after any offset arrangements.

Glossary of investment terms

This glossary provides a more detailed description of some of the types of securities, investment strategies and other instruments in which the Portfolio may invest. The Portfolio may invest in these instruments to the extent permitted by its investment objective and policies. The Portfolio is not limited by this discussion and may invest in any other types of instruments not precluded by the policies discussed elsewhere in this Prospectus.

I. EQUITY AND DEBT SECURITIES

Bonds are debt securities issued by a company, municipality, government or government agency. The issuer of a bond is required to pay the holder the amount of the loan (or par value of the bond) at a specified maturity and to make scheduled interest payments.

Commercial paper is a short-term debt obligation with a maturity ranging from 1 to 270 days issued by banks, corporations and other borrowers to investors seeking to invest idle cash. The Portfolio may purchase commercial paper issued in private placements under Section 4(2) of the Securities Act of 1933.

Common stocks are equity securities representing shares of ownership in a company and usually carry voting rights and earn dividends. Unlike preferred stock, dividends on common stock are not fixed but are declared at the discretion of the issuer's board of directors.

Convertible securities are preferred stocks or bonds that pay a fixed dividend or interest payment and are convertible into common stock at a specified price or conversion ratio.

Debt securities are securities representing money borrowed that must be repaid at a later date. Such securities have specific maturities and usually a specific rate of interest or an original purchase discount.

Depositary receipts are receipts for shares of a foreign-based corporation that entitle the holder to dividends and capital gains on the underlying security. Receipts include those issued by domestic banks (American Depositary Receipts), foreign banks (Global or European Depositary Receipts) and broker-dealers (depository shares).

Fixed-income securities are securities that pay a specified rate of return. The term generally includes short- and long-term government, corporate and municipal obligations that pay a specified rate of interest or coupons for a specified period of time, and preferred stock, which pays fixed dividends. Coupon and dividend rates may be fixed for the life of the issue or, in the case of adjustable and floating rate securities, for a shorter period.

High-yield/High-risk bonds are bonds that are rated below investment grade by the primary rating agencies (e.g., BB or lower by Standard & Poor's and Ba or lower by Moody's). Other terms commonly used to describe such bonds include "lower rated bonds," "noninvestment grade bonds" and "junk bonds."

Mortgage- and asset-backed securities are shares in a pool of mortgages or other debt. These securities are generally pass-through securities, which means that principal and interest payments on the underlying securities (less servicing fees) are passed through to shareholders on a pro rata basis. These securities involve prepayment risk, which is the risk that the underlying mortgages or other debt may be refinanced or paid off prior to their maturities during periods of declining interest rates. In that case, the portfolio managers may have to reinvest the proceeds from the securities at a lower rate. Potential market gains on a security subject to prepayment risk may be more limited than potential market gains on a comparable security that is not subject to prepayment risk.

Passive foreign investment companies (PFICs) are any foreign corporations which generate certain amounts of passive income or hold certain amounts of assets for the production of passive income. Passive income includes dividends, interest, royalties, rents and annuities. To avoid taxes and interest that the

Portfolio must pay if these investments are profitable, the Portfolio may make various elections permitted by the tax laws. These elections could require that the Portfolio recognize taxable income, which in turn must be distributed, before the securities are sold and before cash is received to pay the distributions.

Pay-in-kind bonds are debt securities that normally give the issuer an option to pay cash at a coupon payment date or give the holder of the security a similar bond with the same coupon rate and a face value equal to the amount of the coupon payment that would have been made.

Preferred stocks are equity securities that generally pay dividends at a specified rate and have preference over common stock in the payment of dividends and liquidation. Preferred stock generally does not carry voting rights.

Rule 144A securities are securities that are not registered for sale to the general public under the Securities Act of 1933, but that may be resold to certain institutional investors.

Standby commitments are obligations purchased by the Portfolio from a dealer that give the Portfolio the option to sell a security to the dealer at a specified price.

Step coupon bonds are debt securities that trade at a discount from their face value and pay coupon interest. The discount from the face value depends on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security and the perceived credit quality of the issuer.

Strip bonds are debt securities that are stripped of their interest (usually by a financial intermediary) after the securities are issued. The market value of these securities generally fluctuates more in response to changes in interest rates than interest-paying securities of comparable maturity.

Tender option bonds are generally long-term securities that are coupled with an option to tender the securities to a bank, broker-dealer or other financial institution at periodic intervals and receive the face value of the bond. This type of security is commonly used as a means of enhancing the security's liquidity.

U.S. government securities include direct obligations of the U.S. government that are supported by its full faith and credit. Treasury bills have initial maturities of less than one year, Treasury notes have initial maturities of one to ten years and Treasury bonds may be issued with any maturity but generally have maturities of at least ten years. U.S. government securities also include indirect obligations of the U.S. government that are issued by federal agencies and government sponsored entities. Unlike Treasury securities, agency securities generally are not backed by the full faith and credit of the U.S. government. Some agency securities are supported by the right of the issuer to borrow from the Treasury, others are supported by the discretionary authority of the U.S. government to purchase the agency's obligations and others are supported only by the credit of the sponsoring agency.

Variable and floating rate securities have variable or floating rates of interest and, under certain limited circumstances, may have varying principal amounts. These securities pay interest at rates that are adjusted periodically according to a specified formula, usually with reference to some interest rate index or market interest rate (the "underlying index"). The floating rate tends to decrease the security's price sensitivity to changes in interest rates.

Warrants are securities, typically issued with preferred stock or bonds, that give the holder the right to buy a proportionate amount of common stock at a specified price. The specified price is usually higher than the market price at the time of issuance of the warrant. The right may last for a period of years or indefinitely.

Zero coupon bonds are debt securities that do not pay regular interest at regular intervals, but are issued at a discount from face value. The discount approximates the total amount of interest the security will accrue from the date of issuance to maturity. The market value of these securities generally fluctuates more in response to changes in interest rates than interest-paying securities.

II. FUTURES, OPTIONS AND OTHER DERIVATIVES

Forward contracts are contracts to purchase or sell a specified amount of a financial instrument for an agreed upon price at a specified time. Forward contracts are not currently exchange traded and are typically negotiated on an individual basis. The Portfolio may enter into forward currency contracts to hedge against declines in the value of securities denominated in, or whose value is tied to, a currency other than the U.S. dollar or to reduce the impact of currency appreciation on purchases of such securities. It may also enter into forward contracts to purchase or sell securities or other financial indices.

Futures contracts are contracts that obligate the buyer to receive and the seller to deliver an instrument or money at a specified price on a specified date. The Portfolio may buy and sell futures contracts on foreign currencies, securities and financial indices including indices of U.S. government, foreign government, equity or fixed-income securities. The Portfolio may also buy options on futures contracts. An option on a futures contract gives the buyer the right, but not the obligation, to buy or sell a futures contract at a specified price on or before a specified date. Futures contracts and options on futures are standardized and traded on designated exchanges.

Indexed/structured securities are typically short- to intermediate-term debt securities whose value at maturity or interest rate is linked to currencies, interest rates, equity securities, indices, commodity prices or other financial indicators. Such securities may be positively or negatively indexed (i.e. their value may increase or decrease if the reference index or instrument appreciates). Indexed/structured securities may have return characteristics similar to direct investments in the underlying instruments and may be more volatile than the underlying instruments. The Portfolio bears the market risk of an investment in the underlying instruments, as well as the credit risk of the issuer.

Interest rate swaps involve the exchange by two parties of their respective commitments to pay or receive interest (e.g., an exchange of floating rate payments for fixed rate payments).

Inverse floaters are debt instruments whose interest rate bears an inverse relationship to the interest rate on another instrument or index. For example, upon reset the interest rate payable on a security may go down when the underlying index has risen. Certain inverse floaters may have an interest rate reset mechanism that multiplies the effects of change in the underlying index. Such mechanism may increase the volatility of the security's market value.

Options are the right, but not the obligation, to buy or sell a specified amount of securities or other assets on or before a fixed date at a predetermined price. The Portfolio may purchase and write put and call options on securities, securities indices and foreign currencies.

III. OTHER INVESTMENTS, STRATEGIES AND/OR TECHNIQUES

Repurchase agreements involve the purchase of a security by the Portfolio and a simultaneous agreement by the seller (generally a bank or dealer) to repurchase the security from the Portfolio at a specified date or upon demand. This technique offers a method of earning income on idle cash. These securities involve the risk that the seller will fail to repurchase the security, as agreed. In that case, the Portfolio will bear the risk of market value fluctuations until the security can be sold and may encounter delays and incur costs in liquidating the security.

Reverse repurchase agreements involve the sale of a security by the Portfolio to another party (generally a bank or dealer) in return for cash and an agreement by the Portfolio to buy the security back at a specified price and time. This technique will be used primarily to provide cash to satisfy unusually high redemption requests, or for other temporary or emergency purposes.

Short sales in which the Portfolio may engage may be of two types, short sales “against the box” or “naked” short sales. Short sales against the box involve selling either a security that the Portfolio owns, or a security equivalent in kind or amount to the security sold short that the Portfolio has the right to obtain, for delivery at a specified date in the future. Naked short sales involve selling a security that the Portfolio borrows and does not own. The Portfolio may enter into a short sale to hedge against anticipated declines in the market price of a security or to reduce portfolio volatility. If the value of a security sold short increases prior to the scheduled delivery date, the Portfolio loses the opportunity to participate in the gain. For “naked” short sales, the Portfolio will incur a loss if the value of a security increases during this period because it will be paying more for the security than it has received from the purchaser in the short sale and if the price declines during this period, the Portfolio will realize a short-term capital gain. Although the Portfolio’s potential for gain as a result of a short sale is limited to the price at which it sold the security short less the cost of borrowing the security, its potential for loss is theoretically unlimited because there is no limit to the cost of replacing the borrowed security.

When-issued, delayed delivery and forward transactions generally involve the purchase of a security with payment and delivery at some time in the future – i.e., beyond normal settlement. The Portfolio does not earn interest on such securities until settlement and bears the risk of market value fluctuations in between the purchase and settlement dates. New issues of stocks and bonds, private placements and U.S. government securities may be sold in this manner.

Contract described herein is not intended for sale

**JANUS****1-800-525-0020**

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Denver, Colorado 80206-4928

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You can request other information, including a Statement of Additional Information, Annual Report or Semiannual Report, free of charge, by contacting your insurance company or plan sponsor or visiting our Web site at janus.com. In the Portfolio's Annual Report, you will find a discussion of the market conditions and investment strategies that significantly affected the Portfolio's performance during its last fiscal year. Other information is also available from financial intermediaries that sell Shares of the Portfolio.

The Statement of Additional Information provides detailed information about the Portfolio and is incorporated into this Prospectus by reference. You may review and copy information about the Portfolio (including the Portfolio's Statement of Additional Information) at the Public Reference Room of the SEC or get text only copies, after paying a duplicating fee, by sending an electronic request by e-mail to publicinfo@sec.gov or by writing to or calling the Public Reference Room, Washington, D.C. 20549-0102 (1-202-942-8090). You may also obtain reports and other information about the Portfolio from the Electronic Data Gathering Analysis and Retrieval (EDGAR) Database on the SEC's Web site at <http://www.sec.gov>.



INVESTMENT MANAGEMENT

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MFS® EMERGING GROWTH SERIES

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Prospectus

Initial Class

This Prospectus describes two series of the MFS Variable Insurance Trust (referred to as the trust):

- 1. MFS Emerging Growth Series** seeks to provide long-term growth of capital (referred to as the Emerging Growth Series).
- 2. MFS Research Series** seeks to provide long-term growth of capital and future income (referred to as the Research Series).

The Securities and Exchange Commission has not approved or disapproved the series' shares or determined whether this prospectus is accurate or complete. Anyone who tells you otherwise is committing a crime.

Contract described herein is no longer available for sale.

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PART III

VARIABLE INVESTMENT OPTIONS' PROSPECTUSES

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Contract described herein is no longer available for sale.

II RISK RETURN SUMMARY

Investment strategies which are common to all series are described under the caption "Certain Investment Strategies."

1: Emerging Growth Series

▶ Investment Objective

The series' investment objective is long term growth of capital. This objective may be changed without shareholder approval.

▶ Principal Investment Policies

The series invests, under normal market conditions, at least 65% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depositary receipts for those securities, of emerging growth companies. Emerging growth companies are companies which MFS believes are either:

- early in their life cycle but which have the potential to become major enterprises, or
- major enterprises whose rates of earnings growth are expected to accelerate because of special factors, such as rejuvenated management, new products, changes in consumer demand, or basic changes in the economic environment.

Emerging growth companies may be of any size, and MFS would expect these companies to have products, technologies, management, markets and opportunities which will facilitate earnings growth over time that is well above the growth rate of the overall economy and the rate of inflation. The series' investments may include securities listed on a securities exchange or traded in the over-the-counter (OTC) markets.

MFS uses a bottom-up, as opposed to a top-down, investment style in managing the equity-oriented funds (such as the series) it advises. This means that securities are selected based upon fundamental analysis (such as an analysis of earnings, cash flows, competitive position and management's abilities) performed by the series' portfolio manager and MFS' large group of equity research analysts.

The series may invest in foreign securities (including emerging market securities), through which it may have exposure to foreign currencies.

The series has engaged and may engage in active and frequent trading to achieve its principal investment strategies.

▶ Principal Risks of an Investment

The principal risks of investing in the series and the circumstances reasonably likely to cause the value of your investment in the series to decline are described below. The share price of the series generally changes daily based on market conditions and other factors. Please note that there are many circumstances which could cause the value of your investment in the series to decline, and which could prevent the series from achieving its objective, that are not described here.

The principal risks of investing in the series are:

- *Market Risk:* This is the risk that the price of a security held by the series will fall due to changing economic, political or market conditions or disappointing earnings results.
- *Emerging Growth Risk:* Prices of securities react to the economic condition of the company that issued the security. The series' equity investments in an issuer may rise and fall based on the issuer's actual and anticipated earnings, changes in management and the potential for takeovers and acquisitions. Investments in emerging growth companies may be subject to more abrupt or erratic market movements and may involve greater risks than investments in other companies. Emerging growth companies often:
 - ▶ have limited product lines, markets and financial resources
 - ▶ are dependent on management by one or a few key individuals
 - ▶ have shares which suffer steeper than average price declines after disappointing earnings reports and are more difficult to sell at satisfactory prices
- *Over-the-Counter Risk:* OTC transactions involve risks in addition to those incurred by transactions in securities traded on exchanges. OTC-listed companies may have limited product lines, markets or financial resources. Many OTC stocks trade less frequently and in smaller volume than exchange-listed stocks. The values of these stocks may be more volatile than exchange-listed stocks, and the series may experience difficulty in purchasing or selling these securities at a fair price.

- *Foreign Securities Risk:* Investments in foreign securities involve risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject:
 - ▶ These risks may include the seizure by the government of company assets, excessive taxation, withholding taxes on dividends and interest, limitations on the use or transfer of portfolio assets, and political or social instability.
 - ▶ Enforcing legal rights may be difficult, costly and slow in foreign countries, and there may be special problems enforcing claims against foreign governments.
 - ▶ Foreign companies may not be subject to accounting standards or governmental supervision comparable to U.S. companies, and there may be less public information about their operations.
 - ▶ Foreign markets may be less liquid and more volatile than U.S. markets.
 - ▶ Foreign securities often trade in currencies other than the U.S. dollar, and the series may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the series' net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the series to decline. Certain foreign currencies may be particularly volatile, and foreign governments may intervene in the currency markets, causing a decline in value or liquidity in the series' foreign currency holdings. By entering into forward foreign currency exchange contracts, the series may be required to forego the benefits of advantageous changes in exchange rates and, in the case of forward contracts entered into for the purpose of increasing return, the series may sustain losses which will reduce its gross income. Forward foreign currency exchange contracts involve the risk that the party with which the series enters into the contract may fail to perform its obligations to the series.
- *Emerging Markets Risk:* Emerging markets are generally defined as countries in the initial stages of their industrialization cycles with low per capita income. The markets of emerging markets countries are generally more volatile than the markets of developed countries with more mature economies. All of the risks of investing in foreign securities described above are heightened by investing in emerging markets countries.
- *Active or Frequent Trading Risk:* The series has engaged and may engage in active and frequent trading to achieve its principal investment strategies. This may result in the realization and distribution to shareholders of higher capital gains as compared to a series with less active trading policies. Frequent trading also increases transaction costs, which could detract from the series' performance.
- As with any mutual fund, you could lose money on your investment in the series.

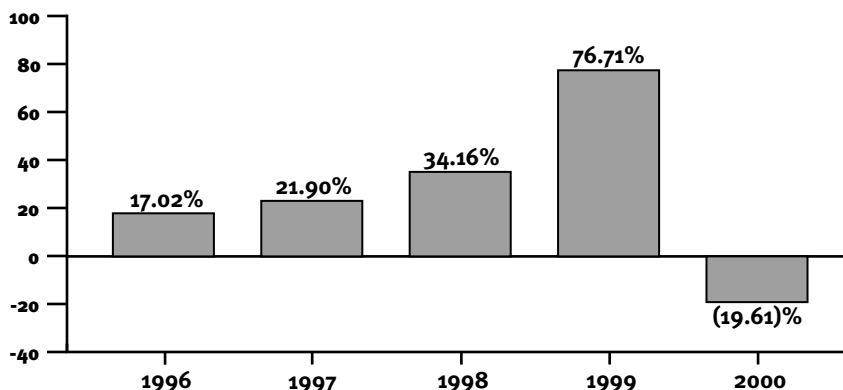
An investment in the series is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

▶ Bar Chart and Performance Table

The bar chart and performance table below are intended to indicate some of the risks of investing in the series by showing changes in the series' performance over time. The performance table also shows how the series performance over time compares with that of one or more broad measures of market performance. The chart and table provide past performance information based on calendar year periods. The series' past performance does not necessarily indicate how the series will perform in the future. The returns shown do not reflect fees and charges imposed under the variable annuity and life insurance contracts through which an investment may be made. If these fees and charges were included, they would reduce these returns.

Bar Chart

The bar chart shows changes in the annual total returns of the series' initial class, assuming the reinvestment of distributions.



During the period shown in the bar chart, the highest quarterly return was 55.05% (for the calendar quarter ended December 31, 1999) and the lowest quarterly return was (19.10)% (for the calendar quarter ended December 31, 2000).

Performance Table

This table shows how the average annual total returns of the series' shares compares to a broad measure of market performance and various other market indicators and assumes the reinvestment of distributions.

Average Annual Total Returns as of December 31, 2000

	1 Year	5 Year	Life*
Emerging Growth Series—Initial Class	(19.61)%	22.15%	23.79%
Russell 2000® Index**†@	(3.02)%	10.31%	10.70%
Russell 3000® Growth Index**††	(22.42)%	17.08%	19.13%

* Series performance figures are for the period from the commencement of the series' investment operations, July 24, 1995, through December 31, 2000. Index returns are from August 1, 1995.

** Source: Standard & Poor's Microcap, Inc.

† The Russell 2000 Index is a broad-based, unmanaged index comprised of 2,000 of the smallest U.S.-domiciled company common stocks (on the basis of capitalization) that are traded in the United States on the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), and NASDAQ.

†† The Russell 3000 companies are the largest U.S. companies based on total market capitalization, which represent approximately 98% of the investable U.S. market. The Russell 3000 Growth Index measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values.

@ Effective May 1, 2001, the series will no longer use the Russell 2000 Total Return Index as a benchmark because the Russell 3000 Growth Index better reflects the series' investment policies and objectives.

▶ Portfolio Managers

Toni Y. Shimura, a Senior Vice President of the adviser, has been employed in the investment management area of the adviser since 1987. Ms. Shimura became portfolio manager of the series on November 30, 1995. Dale A. Dutile and John E. Lathrop, each a Senior Vice President of the adviser, have each been employed in the investment management area of the adviser since 1994. David E. Sette-Ducati, a Senior Vice President of the adviser, has been employed in the investment management area of the adviser since 1995. Messrs. Dutile, Lathrop and Sette-Ducati each became a portfolio manager of the series effective May 1, 2001. John W. Ballen, President and Chief Investment Officer of MFS, provides general oversight in the management of the series.

2: Research Series

▶ Investment Objective

The series' investment objective is long-term growth of capital and future income. This objective may be changed without shareholder approval.

▶ Principal Investment Policies

The series invests, under normal market conditions, at least 80% of its total assets in common stocks and related securities, such as preferred stocks, convertible securities and depository receipts for those securities. The series focuses on companies that MFS believes have favorable prospects for long-term growth, attractive valuations based on current and expected earnings or cash flow, dominant or growing market share, and superior management. The series may invest in companies of any size. The series' investments may include securities traded on securities exchanges or in the over-the-counter (OTC) markets.

A committee of investment research analysts selects portfolio securities for the series. This committee includes investment analysts employed not only by MFS, but also by MFS' investment advisory affiliates. The committee allocates the series' assets among various industries. Individual analysts then select what they view as the securities best suited to achieve the series' investment objective within their assigned industry responsibility.

The series may invest in foreign securities (including emerging market securities), through which it may have exposure to foreign currencies.

The series has engaged and may engage in active and frequent trading to achieve its principal investment strategies.

▶ Principal Risks of an Investment

The principal risks of investing in the series and the circumstances reasonably likely to cause the value of your investment in the series to decline are described below. The share price of the series generally changes daily based on market conditions and other factors. Please note that there are many circumstances which could cause the value of your investment in the series to decline, and which could prevent the series from achieving its objective, that are not described here.

The principal risks of investing in the series are:

- *Market Risk:* This is the risk that the price of a security held by the series will fall due to changing economic, political or market conditions or disappointing earnings results.
- *Company Risk:* Prices of securities react to the economic condition of the company that issued the security. The series' equity investments in an issuer may rise and fall based on the issuer's actual and anticipated earnings, changes in management and the potential for takeovers and acquisitions.
- *Over-the-Counter Risk:* OTC transactions involve risks in addition to those incurred by transactions in securities traded on exchanges. OTC listed companies may have limited product lines, markets or financial resources. Many OTC stocks trade less frequently and in smaller volume than exchange-listed stocks. The values of these stocks may be more volatile than exchange-listed stocks, and the series may experience difficulty in purchasing or selling these securities at a fair price.
- *Foreign Securities Risk:* Investing in foreign securities involves risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject:
 - ▶ These risks may include the seizure by the government of company assets, excessive taxation, withholding taxes on dividends and interest, limitations on the use or transfer of portfolio assets, and political or social instability.
 - ▶ Enforcing legal rights may be difficult, costly and slow in foreign countries, and there may be special problems enforcing claims against foreign governments.
 - ▶ Foreign companies may not be subject to accounting standards or governmental supervision comparable to U.S. companies, and there may be less public information about their operations.
 - ▶ Foreign markets may be less liquid and more volatile than U.S. markets.
 - ▶ Foreign securities often trade in currencies other than the U.S. dollar, and the series may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the series' net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the series to decline. Certain foreign currencies may be particularly volatile, and foreign governments may intervene in the currency markets, causing a decline in value or liquidity in the series' foreign currency holdings. By entering into forward foreign currency exchange contracts, the series may be required to forego the benefits of advantageous changes in exchange rates and, in the case of forward contracts entered into for the purpose of increasing return, the series may sustain losses which will reduce its gross income. Forward foreign currency exchange contracts involve the risk that the party with which the series enters into the contract may fail to perform its obligations to the series.

- **Emerging Markets Risk:** Emerging markets are generally defined as countries in the initial stages of their industrialization cycles with low per capita income. The markets of emerging markets countries are generally more volatile than the markets of developed countries with more mature economies. All of the risks of investing in foreign securities described above are heightened by investing in emerging markets countries.
- **Active or Frequent Trading Risk:** The series has engaged and may engage in active and frequent trading to achieve its principal investment strategies. This may result in the realization and distribution to shareholders of higher capital gains as compared to a series with less active trading policies. Frequent trading also increases transaction costs, which could detract from the series' performance.
- As with any mutual fund, you could lose money on your investment in the series.

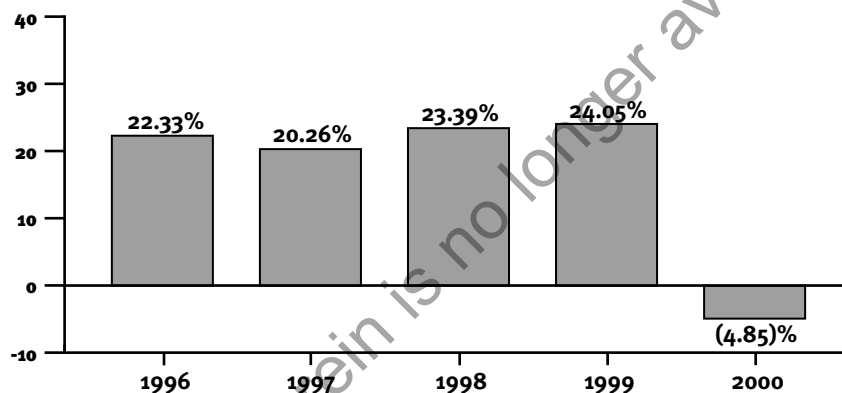
An investment in the series is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

▶ Bar Chart and Performance Table

The bar chart and performance table below are intended to indicate some of the risks of investing in the series by showing changes in the series' performance over time. The performance table also shows how the series' performance over time compares with that of one or more broad measures of market performance. The chart and table provide past performance information based on calendar year periods. The series' past performance does not necessarily indicate how the series will perform in the future. The returns shown do not reflect fees and charges imposed under the variable annuity and life insurance contracts through which an investment may be made. If these fees and charges were included, they would reduce these returns.

Bar Chart

The bar chart shows changes in the annual total returns of the series' initial class, assuming the reinvestment of distributions.



During the period shown in the bar chart, the highest quarterly return was 21.88% (for the calendar quarter ended December 31, 1999) and the lowest quarterly return was (14.66)% (for the calendar quarter ended September 30, 1998).

Performance Table

This table shows how the average annual total returns of the series' shares compares to a broad measure of market performance and assumes the reinvestment of distributions.

Average Annual Total Returns as of December 31, 2000

	1 Year	5 Year	Life*
Research Series—Initial Class	(4.85)%	16.46%	17.21%
Standard & Poor's 500 Composite Stock Index**†	(9.11)%	18.33%	19.03%

* Series performance figures are for the period from the commencement of the series' investment operations, July 26, 1995, through December 31, 2000. Index returns are from August 1, 1995.

** Source: Standard & Poor's Micropal, Inc.

† The Standard & Poor's 500 Composite Stock Index is a broad-based, unmanaged index of common stock total return performance. It is comprised of 500 widely held common stocks listed on the New York Stock Exchange (NYSE), American Stock Exchange (AMEX) and over-the-counter (OTC) market.

▶ Portfolio Manager

The series is currently managed by a committee comprised of various equity research analysts employed by the adviser. This committee includes investment analysts employed not only by MFS, but also by MFS' investment advisory affiliates. The committee has managed the series since its inception.

III CERTAIN INVESTMENT STRATEGIES AND RISKS

▶ Further Information on Investment Strategies and Risks

Each series may invest in various types of securities and engage in various investment techniques and practices which are not the principal focus of the series and therefore are not described in this prospectus. The types of securities and investment techniques and practices in which a series may engage, including the principal investment techniques and practices described above, are identified in Appendix A to this Prospectus, and are discussed, together with their risks, in the trust's Statement of Additional Information (referred to as the SAI), which you may obtain by contacting MFS Service Center, Inc. (see back cover for address and phone number).

▶ Temporary Defensive Policies

Each series may depart from its principal investment strategies by temporarily investing for defensive purposes when adverse market, economic or political conditions exist. While a series invests defensively, it may not be able to pursue its investment objective. A series defensive investment position may not be effective in protecting its value.

▶ Active or Frequent Trading

Each series may engage in active and frequent trading to achieve its principal investment strategies. This may result in the realization and distribution to shareholders of higher capital gains as compared to a series with less active trading policies. Frequent trading also increases transaction costs, which could detract from the series' performance.

IV MANAGEMENT OF THE SERIES

▶ Investment Adviser

Massachusetts Financial Services Company (referred to as MFS or the adviser) is the investment adviser to each series. MFS is America's oldest mutual fund organization. MFS and its predecessor organizations have a history of money management dating from 1924 and the founding of the first mutual fund, Massachusetts Investors Trust. Net assets under the management of the MFS organization were approximately \$141 billion as of December 31, 2000. MFS is located at 500 Boylston Street, Boston, Massachusetts 02116.

MFS provides investment management and related administrative services and facilities to each series, including portfolio management and trade execution. For these services, each series pays MFS an annual management fee as set forth in the Expense Summary.

MFS or its affiliates generally pay an administrative service fee to insurance companies which use the series as underlying investment vehicles for their variable annuity and variable life insurance contracts based upon the aggregate net assets of the series attributable to these contracts. These fees are not paid by the series, their shareholders, or by the contract holders.

▶ Administrator

MFS provides each series with certain financial, legal, compliance, shareholder communications and other administrative services. MFS is reimbursed by each series for a portion of the costs it incurs in providing these services.

▶ Distributor

MFS Fund Distributors, Inc. (referred to as MFD), a wholly owned subsidiary of MFS, is the distributor of shares of the series.

▶ Shareholder Servicing Agent

MFS Service Center, Inc. (referred to as MFSC), a wholly owned subsidiary of MFS, performs transfer agency and certain other services for each series, for which it receives compensation from each series.

V DESCRIPTION OF SHARES

The trust offers two classes of shares—initial class shares and service class shares (except Limited Maturity Series and Money Market Series only offer initial class shares). Initial class shares are offered through this prospectus. Service class shares, which bear a Rule 12b-1 distribution fee, are available through a separate prospectus supplement. These shares are offered to separate accounts established by insurance companies in order to serve as investment vehicles for variable annuity and variable life insurance contracts. The trust also offers shares of each of its series to qualified pension and retirement plans. All purchases, redemptions and exchanges of shares are made through these insurance company separate accounts and plans, which are the record owner of the shares. Contract holders and plan beneficiaries seeking to purchase, redeem or exchange interests in the trust's shares should consult with the insurance company which issued their contracts or their plan sponsor.

VI OTHER INFORMATION

▶ Pricing of Series' Shares

The price of each series' shares is based on its net asset value. The net asset value of each series' shares is determined at the close of regular trading each day that the New York Stock Exchange is open for trading (generally, 4:00 p.m., Eastern time) (referred to as the valuation time). The New York Stock Exchange is closed on most national holidays and Good Friday. To determine net asset value, each series values its assets at current market values, or at fair value as determined by the Adviser under the direction of the Board of Trustees that oversees the series if current market values are unavailable. Fair value pricing may be used by a series when current market values are unavailable or when an event occurs after the close of the exchange on which the series' portfolio securities are principally traded that is likely to have changed the value of the securities. The use of fair value pricing by a series may cause the net asset value of its shares to differ significantly from the net asset value that would be calculated using current market values.

Insurance companies and plan sponsors are the designees of the trust for receipt of purchase, exchange and redemption orders from contractholders and plan beneficiaries. An order submitted to the trust's designee by the valuation time will receive the net asset value next calculated; provided that the trust receives notice of the order generally by 9:30 a.m. eastern time on the next day on which the New York Stock Exchange is open for trading.

Certain series invest in securities which are primarily listed on foreign exchanges that trade on weekends and other days when the series does not price its shares. Therefore, the value of these series' shares may change on days when you will not be able to purchase or redeem their shares.

▶ Distributions

Each series intends to pay substantially all of its net income (including any realized net capital and net foreign currency gains) to shareholders as dividends at least annually.

▶ Tax Considerations

The following discussion is very general. You are urged to consult your tax adviser regarding the effect that an investment in a series may have on your tax situation. Each series of the trust is treated as a separate corporation for federal tax purposes. As long as a series qualifies for treatment as a regulated investment company (which each series has done in the past and intends to do in the future), it pays no federal income tax on the earnings and net realized gains it distributes to shareholders. In addition, each series also intends to continue to diversify its assets to satisfy the federal diversification tax rules applicable to separate accounts that fund variable insurance and annuity contracts.

Shares of the series are offered to insurance company separate accounts and to qualified retirement and pension plans. You should consult with the insurance company that issued your contract or your plan sponsor to understand the federal tax treatment of your investment.

▶ Right to Reject or Restrict Purchase and Exchange Orders

Purchases and exchanges should be made for investment purposes only. Each series reserves the right to reject or restrict any specific purchase or exchange request. Because an exchange request involves both a request to redeem shares of one series and to purchase shares of another series, the series consider the underlying redemption and purchase requests conditioned upon the acceptance of each of these underlying requests. Therefore, in the event that the series reject an exchange request, neither the redemption nor the purchase side of the exchange will be processed. When a series determines that the level of exchanges on any day may be harmful to its remaining shareholders, the series may delay the payment of exchange proceeds for up to seven days to permit cash to be raised through the orderly liquidation of its portfolio securities to pay the redemption proceeds. In this case, the purchase side of the exchange will be delayed until the exchange proceeds are paid by the redeeming series.

▶ Excessive Trading Practices

The series do not permit market-timing or other excessive trading practices. Excessive, short-term (market-timing) trading practices may disrupt portfolio management strategies and harm series' performance. As noted above, each series reserves the right to reject or restrict any purchase order (including exchanges) from any investor. To minimize harm to the series and their shareholders, the series will exercise these rights if an investor has a history of excessive trading or if an investor's trading, in the judgment of the series, has been or may be disruptive to a series. In making this judgment, the series may consider trading done in multiple accounts under common ownership or control.

▶ In-kind Distributions

The series have reserved the right to pay redemption proceeds by a distribution in-kind of portfolio securities (rather than cash). In the event that the series makes an in-kind distribution, you could incur the brokerage and transaction charges when converting the securities to cash, and the securities may increase or decrease in value until you sell them. The series do not expect to make in-kind distributions.

▶ Unique Nature of Series

MFS may serve as the investment adviser to other funds which have investment goals and principal investment policies and risks similar to those of the series, and which may be managed by the series' portfolio manager(s). While a series may have many similarities to these other funds, its investment performance will differ from their investment performance. This is due to a number of differences between a series and these similar products, including differences in sales charges, expense ratios and cash flows.

▶ Potential Conflicts

Shares of the series are offered to the separate accounts of insurance companies that may be affiliated or unaffiliated with MFS and each other ("shared funding") and may serve as the underlying investments for both variable annuity and variable life insurance contracts ("mixed funding"). Due to differences in tax treatment or other considerations, the interests of various contract owners might at some time be in conflict. The trust currently does not foresee any such conflict. Nevertheless, the board of trustees which oversees the series intends to monitor events in order to identify any material irreconcilable conflicts which may possibly arise and to determine what action, if any, should be taken in response. If such a conflict were to occur, one or more separate accounts of the insurance companies might be required to withdraw its investments in one or more series. This might force a series to sell securities at disadvantageous prices.

VII FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the series' financial performance for the past five years, or, if a series has not been in operation that long, since the time it commenced investment operations. Certain information reflects financial results for a single series' share. The total returns in the table represent the rate by which an investor would have earned (or lost) on an investment in a series (assuming reinvestment of all distributions). This information has been audited by the trust's independent auditors, whose report, together with the trust's financial statements, are included in the trust's Annual Report to shareholders. The series' Annual Report is available upon request by contacting MFSC (see back cover for address and telephone number). These financial statements are incorporated by reference into the SAI. The trust's independent auditors are Deloitte & Touche LLP.

1. Emerging Growth Series—Initial Class

PART III

VARIABLE INVESTMENT OPTIONS: PROSPECTUSES

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per share data (for a share outstanding throughout each period):					
Net asset value — beginning of period	\$ 37.94	\$ 21.47	\$ 16.13	\$ 13.24	\$ 11.41
Income from investment operations# —					
Net investment income (loss)§	\$ (0.01)	\$ (0.06)	\$ (0.05)	\$ (0.06)	\$ (0.01)
Net realized and unrealized gain on investments and foreign currency transactions	(7.07)	16.53	5.55	2.95	1.95
Total from investment operations	\$ (7.08)	\$ 16.47	\$ 5.50	\$ 2.89	\$ 1.94
Less distributions declared to shareholders —					
From net realized gain on investments and foreign currency transactions	\$ (2.01)	\$ —	\$ (0.05)	\$ —	\$ (0.06)
In excess of net realized gain on investments and foreign currency transactions	—	—	(0.11)	—	(0.05)
Total distributions declared to shareholders	\$ (2.01)	\$ —	\$ (0.16)	\$ —	\$ (0.11)
Net asset value — end of period	\$ 28.85	\$ 37.94	\$ 21.47	\$ 16.13	\$ 13.24
Total return	(19.61)%	76.71%	34.16%	21.90%	17.02%
Ratios (to average net assets)/Supplemental data§:					
Expenses##	0.85%	0.84%	0.85%	0.90%	1.00%
Net investment income (loss)	(0.04)%	(0.23)%	(0.29)%	(0.38)%	(0.08)%
Portfolio turnover	200%	176%	71%	112%	96%
Net assets at end of period (000 Omitted)	\$2,312,406	\$2,132,528	\$908,987	\$384,480	\$104,956
§ Prior to January 1, 1998, the investment adviser voluntarily agreed to maintain, subject to reimbursement by the series, the expenses of the series at not more than 1.00% of average daily net assets. To the extent actual expenses were over or under this limitation, the net investment loss per share and the ratios would have been:					
Net investment loss	—	—	—	\$ (0.05)	\$ (0.03)
Ratios (to average net assets):					
Expenses##	—	—	—	0.87%	1.16%
Net investment loss	—	—	—	(0.35)%	(0.23)%

Per share data are based on average shares outstanding.

Ratios do not reflect reductions from certain offset arrangements.

2. Research Series—Initial Class

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Per share data (for a share outstanding throughout each period):					
Net asset value — beginning of period	\$ 23.34	\$ 19.05	\$ 15.80	\$ 13.13	\$ 10.89
Income from investment operations# —					
Net investment income\$	\$ 0.01	\$ 0.02	\$ 0.06	\$ 0.05	\$ 0.06
Net realized and unrealized gain on investments and foreign currency	(1.00)	4.52	3.59	2.62	2.37
Total from investment operations	\$ (0.99)	\$ 4.54	\$ 3.65	\$ 2.67	\$ 2.43
Less distributions declared to shareholders —					
From net investment income	\$ (0.01)	\$ (0.04)	\$ (0.03)	\$ —	\$ (0.02)
From net realized gain on investments and foreign currency transactions	(1.54)	(0.21)	(0.37)	—	(0.16)
In excess of net realized gain on investments and foreign currency transactions	—	—	—	—	(0.01)
Total distributions declared to shareholders	\$ (1.55)	\$ (0.25)	\$ (0.40)	\$ —	\$ (0.19)
Net asset value — end of period	\$ 20.80	\$ 23.34	\$ 19.05	\$ 15.80	\$ 13.13
Total return	(4.85)%	24.05%	23.39%	20.26%	22.33%
Ratios (to average net assets)/Supplemental data§:					
Expenses##	0.85%	0.86%	0.86%	0.92%	1.01%
Net investment income	0.05%	0.08%	0.33%	0.34%	0.47%
Portfolio turnover	93%	91%	83%	99%	56%
Net assets at end of period (000 Omitted).....	\$1,083,760	\$883,578	\$567,778	\$285,845	\$35,710
§ Prior to January 1, 1998, subject to reimbursement by the series, the investment adviser agreed to maintain the expenses of the series, exclusive of management fees, at not more than 0.15% of average daily net assets. To the extent actual expenses were over or under this limitation, the net investment income (loss) per share and the ratios would have been:					
Net investment income (loss)				\$ 0.06	\$ —
Ratios (to average net assets):					
Expenses##				0.88%	1.48%
Net investment income (loss)				0.38%	—

† Annualized.

†† Not annualized.

Per share data are based on average shares outstanding.

Ratios do not reflect reductions from certain expense offset arrangements.

Investment Techniques and Practices

In pursuing its investment objective and investment policies, the Emerging Growth Series may engage in the following principal and non-principal investment techniques and practices. Investment techniques and practices which are the principal focus of the series are also described, together with their risks, in the Risk Return Summary of the Prospectus. Both principal and non-principal investment techniques and practices are described, together with their risks, in the SAI.

Symbols

✓ permitted

— not permitted

<i>Debt Securities</i>		<i>Investment in Other Investment Companies</i>	
<i>Asset-Backed Securities</i>		Open-End Funds	✓
Collateralized Mortgage Obligations and Multiclass Pass-Through Securities	—	Closed-End Funds	✓
Corporate Asset-Backed Securities	—	Lending of Portfolio Securities	✓
Mortgage Pass-Through Securities	—	<i>Leveraging Transactions</i>	
Stripped Mortgage-Backed Securities	—	Bank Borrowings	—*
Corporate Securities	✓	Mortgage "Dollar-Roll" Transactions	✓**
Loans and Other Direct Indebtedness	—	Reverse Repurchase Agreements	—*
Lower Rated Bonds	✓	<i>Options</i>	
Municipal Bonds	—	Options on Foreign Currencies	✓
Speculative Bonds	✓	Options on Futures Contracts	✓
U.S. Government Securities	✓	Options on Securities	✓
Variable and Floating Rate Obligations	✓	Options on Stock Indices	✓
Zero Coupon Bonds, Deferred Interest Bonds and PIK Bonds	✓	Reset Options	—
Equity Securities	✓	"Yield Curve" Options	—
<i>Foreign Securities Exposure</i>		Repurchase Agreements	✓
Brady Bonds	—	Restricted Securities	✓
Depository Receipts	✓	Short Sales	—
Dollar-Denominated Foreign Debt Securities	—	Short Sales Against the Box	—
Emerging Markets	✓	Short Term Instruments	✓
Foreign Securities	✓	Swaps and Related Derivative Instruments	—
Forward Contracts	✓	Temporary Borrowings	✓
Futures Contracts	✓	Temporary Defensive Positions	✓
Indexed Securities/Structured Products	—	Warrants	✓
Inverse Floating Rate Obligations	—	"When-Issued" Securities	✓

*May be changed only with shareholder approval.

**The series will only enter into "covered" mortgage dollar-roll transactions, meaning that the series segregates liquid securities equal in value to the securities it will repurchase and does not use these transactions as a form of leverage.

Investment Techniques and Practices

In pursuing its investment objective and investment policies, the Research Series may engage in the following principal and non-principal investment techniques and practices. Investment techniques and practices which are the principal focus of the series are also described, together with their risks, in the Risk Return Summary of the Prospectus. Both principal and non-principal investment techniques and practices are described, together with their risks, in the SAI.

Symbols

✓ permitted

— not permitted

<i>Debt Securities</i>		
<i>Asset-Backed Securities</i>		
Collateralized Mortgage Obligations and Multiclass Pass-Through Securities	—	
Corporate Asset-Backed Securities	—	
Mortgage Pass-Through Securities	—	
Stripped Mortgage-Backed Securities	—	
Corporate Securities	✓	
Loans and Other Direct Indebtedness	—	
Lower Rated Bonds	✓	
Municipal Bonds	—	
Speculative Bonds	✓	
U.S. Government Securities	✓	
Variable and Floating Rate Obligations	✓	
Zero Coupon Bonds, Deferred Interest Bonds and PIK Bonds	—	
Equity Securities	✓	
<i>Foreign Securities Exposure</i>		
Brady Bonds	—	
Depositary Receipts	✓	
Dollar-Denominated Foreign Debt Securities	✓	
Emerging Markets	✓	
Foreign Securities	✓	
Forward Contracts	✓	
Futures Contracts	—	
Indexed Securities/Structured Products	✓	
Inverse Floating Rate Obligations	—	
<i>Investment in Other Investment Companies</i>		
Open-End Funds		✓
Closed-End Funds		✓
Lending of Portfolio Securities		✓
<i>Leveraging Transactions</i>		
Bank Borrowings		—*
Mortgage “Dollar-Roll” Transactions		✓**
Reverse Repurchase Agreements		—*
<i>Options</i>		
Options on Foreign Currencies		—
Options on Futures Contracts		—
Options on Securities		—
Options on Stock Indices		—
Reset Options		—
“Yield Curve” Options		—
Repurchase Agreements		✓
Restricted Securities		✓
Short Sales		—
Short Sales Against the Box		✓
Short Term Instruments		✓
Swaps and Related Derivative Instruments		—
Temporary Borrowings		✓
Temporary Defensive Positions		✓
Warrants		✓
“When-Issued” Securities		—

*May be changed only with shareholder approval.

**The series will only enter into “covered” mortgage dollar-roll transactions, meaning that the series segregates liquid securities equal in value to the securities it will repurchase and does not use these transactions as a form of leverage.

MFS® VARIABLE INSURANCE TRUSTSM

If you want more information about the trust and its series, the following documents are available free upon request:

Annual/Semiannual Reports. These reports contain information about the series' actual investments. Annual reports discuss the effect of recent market conditions and the series' investment strategy on the series' performance during their last fiscal year.

Statement of Additional Information (SAI). The SAI, dated May 1, 2001, provides more detailed information about the trust and its series and is incorporated into this prospectus by reference.

You can get free copies of the annual/semiannual reports, the SAI and other information about the trust and its series, and make inquiries about the trust and its series, by contacting:

MFS Service Center, Inc.
2 Avenue de Lafayette
Boston, MA 02111-1738
Telephone: **1-800-343-2829, ext. 3500**
Internet: <http://www.mfs.com>

Information about the trust and its series (including its prospectus, SAI and shareholder reports) can be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
Washington, D.C., 20549-0102

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 202-942-8090. Reports and other information about the trust and its series are available on the EDGAR Databases on the Commission's Internet website at <http://www.sec.gov>, and copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the Public Reference Section at the above address.

The trust's Investment Company Act file number is 811-8326

OCC ACCUMULATION TRUST
Prospectus dated May 1, 2001

OCC ACCUMULATION TRUST (the "Fund") is an open-end investment company with the following investment portfolios (the "Portfolios"):

Small Cap Portfolio

Managed Portfolio

Shares of the Portfolios are sold only to variable accounts of certain life insurance companies as an investment vehicle for their variable annuity and variable life insurance contracts and to qualified pension and retirement plans.

The Securities and Exchange Commission has not approved or disapproved of any Portfolio's securities or determined whether this Prospectus is accurate or complete. Any representation to the contrary is a criminal offense. This Prospectus contains information you should know before investing, including information concerning risks. Please read it before you invest and keep for future reference.

Contract described herein is no longer available for sale.

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Contract described herein is no longer available for sale.

RISK/RETURN SUMMARY

Investment Goals	Small Cap Portfolio.....Capital appreciation
	Managed Portfolio.....Growth of capital over time

Principal Investment Strategies

- The Small Cap Portfolio invests primarily in equity securities of companies with market capitalizations under \$2 billion.
- The Managed Portfolio invests in common stocks, bonds and cash equivalents, allocated based on the investment adviser's judgment.

Investment Philosophy

OpCap Advisors is the investment adviser to the Portfolios. OpCap Advisors has retained Pacific Investment Management Company ("PIMCO") as sub-adviser for a portion of the assets of the Managed Portfolio. For the equity investments it manages directly, OpCap Advisors applies principles of value investing, although the individual portfolio managers may implement those principles differently. When selecting equity securities, OpCap Advisors believes there are two major components of value.

- A company's ability to generate earnings that contribute to shareholder value. OpCap Advisors considers discretionary cash flow-cash that remains after a company spends what is needed to sustain its industrial position as a primary determinant of a company's potential to add economic value.
- Price - OpCap Advisors looks for market undervaluation great enough to offer the potential for upside reward with what it believes is modest downward risk.

OpCap Advisors uses fundamental company analysis to select securities. Fundamental company analysis involves intensive evaluation of historic financial data including:

- Company financial statements
- Market share analysis
- Unit volume growth
- Barriers to entry
- Pricing policies
- Management record.

OpCap Advisors uses fundamental company analysis to select companies they believe have one or more of the following characteristics:

- substantial and growing discretionary cash flow
- strong shareholder value-oriented management
- valuable consumer or commercial franchises
- high returns on capital
- favorable price to intrinsic value relationship.

In selecting debt securities, OpCap Advisors analyzes yield relationships between different sectors and among securities along the yield curve. OpCap Advisors seeks to take advantage of maturities and individual issues that it believes are inexpensive and have the potential to provide superior returns. In evaluating high yield debt securities, OpCap Advisors supplements its traditional credit analysis with an evaluation of an issuer's asset values.

There can be no assurance that OpCap Advisors will achieve its goals.

PIMCO acts as the sub-advisor for a portion of the Managed Portfolio. In selecting securities for the Managed Portfolio, PIMCO develops an outlook for interest rates, currency exchange rates and the economy; analyzes credit and call risks, and uses other security selection techniques. The proportion of the Portfolio's assets committed to investment in securities with particular characteristics (such as quality, section interest rate or maturity) varies based on PIMCO's outlook for the U.S. economy and the economies of other countries in the world, the financial markets and other factors.

PIMCO attempts to identify areas of the bond market that are undervalued relative to the rest of the market. PIMCO identifies these areas by grouping bonds into the following sectors: money markets, governments, corporates, mortgages, asset-backed and international. Sophisticated proprietary software then assists in evaluating sectors and pricing specific securities. Once investment opportunities are identified, PIMCO will shift assets among sectors depending upon changes in relative valuations and credit spreads. There is no guarantee that PIMCO's security selection techniques will produce the desired results.

Principal Risks

When investing in Portfolios that invest in equity securities, you could lose money or those Portfolios could underperform other investments if any of the following happens:

- The stock market goes down
- The Portfolio's investment style (i.e., value) falls out of favor with the stock market

- The Portfolio's investment sector (e.g., small cap, which is generally more volatile than U.S. large cap securities) declines or becomes less liquid
- The market undervalues the stocks held for longer than expected, or the stocks purchased turn out not to be undervalued

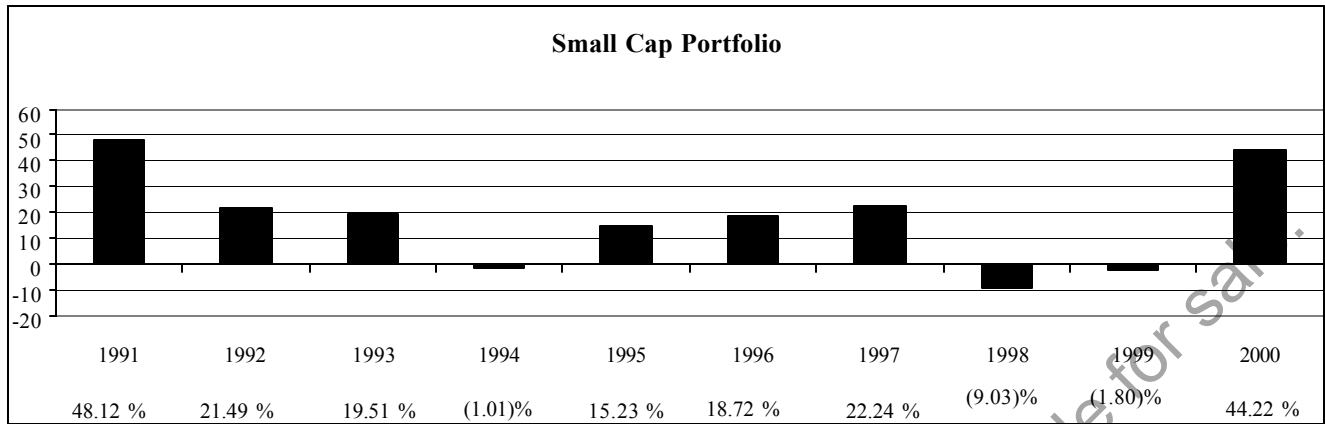
If you invest in the Portfolios that invest in debt securities, you could lose money or your investment may underperform other investments if any of the following happens:

- Interest rates rise and the bond market goes down
- Issuers of debt instruments cannot meet their obligations
- Bond issuers' call bonds selling at a premium to their call price before the maturity date
- Loans securing mortgage-backed obligations prepay principal more rapidly than expected. The Portfolios may have to reinvest these prepayments at lower rates.

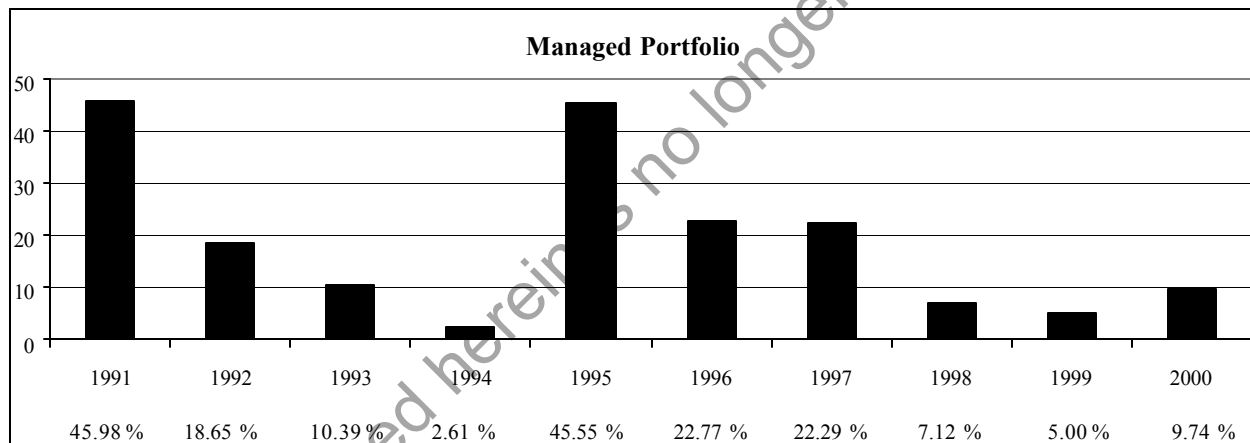
Bar Chart & Performance Table

The bar charts provide some indication of the risks of investing in the Portfolios by showing changes in the performance of each Portfolio's shares from year to year over the past 10 or less full calendar years during the life of each Portfolio and the highest and lowest quarterly return during the same period for each Portfolio.

The Portfolios' past performance does not necessarily indicate how each Portfolio will perform in the future. The Portfolios' performance does not reflect charges and deductions which are imposed under the variable contracts. Performance results after charges and deductions will be lower.



During the periods shown in the bar chart, the highest quarterly return was 19.20% (for the quarter ended March 31, 1991) and the lowest quarterly return was (17.26)% (for the quarter ended September 30, 1998).



During the periods shown in the bar chart, the highest quarterly return was 20.80% (for the quarter ended March 31, 1991) and the lowest quarterly return was (13.37)% (for the quarter ended September 30, 1998).

The following table shows how the average annual returns for one year, five years and for the life of the Managed Portfolio compare to that of the Standard & Poor's Composite Index of 500 Stocks, how the average annual returns for the Small Cap Portfolio compare to the Russell 2000. The table gives some indication of the risks of the Portfolios by comparing the performance of each Portfolio with a broad measure of market performance.

Average Annual Total Returns for the periods ended December 31, 2000

	<u>Past Year</u>	<u>Past 5 Years</u>	<u>Since Inception</u>
<u>Managed Portfolio</u>	<u>9.74%</u>	<u>13.16%</u>	<u>17.08%*</u>
<u>S&P 500 Index</u>	<u>(9.09)%</u>	<u>18.33%</u>	<u>16.44%</u>
<u>Small Cap Portfolio</u>	<u>44.22%</u>	<u>13.35%</u>	<u>13.85%*</u>
<u>Russell 2000 Index</u>	<u>(3.03)%</u>	<u>10.31%</u>	<u>11.67%</u>

*On September 16, 1994, an investment company then called Quest for Value Accumulation Trust (the "Old Trust") was effectively divided into two investment funds, the Old Trust and the Fund, at which time the Fund commenced operations. The total net assets for each of the Small Cap and Managed Portfolios immediately after the transaction were \$139,812,573 and \$682,601,380, respectively, with respect to the Old Trust and for each of the Small Cap and Managed Portfolios, \$8,129,274 and \$51,345,102, respectively, with respect to the Fund. For the period prior to September 16, 1994, the performance figures above for each of the Small Cap and Managed Portfolios reflect the performance of the corresponding Portfolios of the Old Trust. The Old Trust commenced operations on August 1, 1988.

The benchmark for the portion of the Managed Portfolio managed by PIMCO is the Lehman Brothers Aggregate Bond Index.

PORTFOLIO FEES & EXPENSES

This table describes the fees and expenses that you may pay if you buy and hold shares in the Portfolios.

Shareholder Fees—Fees You Pay Directly None

Annual Fund Operating Expenses – Expenses that are deducted from Fund assets

	Management Fees	Other Expenses	Total Annual Fund Operating Expenses
Small Cap Portfolio	0.80%	0.10%	0.90%
Managed Portfolio	0.78%	0.08%	0.86%

Example:

This example is intended to help you compare the cost of investing in each Fund with the cost of investing in other funds. Although your actual costs may be higher or lower, you would pay the following expenses

on a \$10,000 investment assuming: (1) 5% annual return; (2) the Fund's operating expenses remain the same, and (3) you redeem all your shares at the end of each period in the table.

	1 Year	3 Years	5 Years	10 Years
Small Cap Portfolio	\$92	\$287	\$498	\$1,108
Managed Portfolio	\$88	\$274	\$477	\$1,061

PRINCIPAL INVESTMENT STRATEGIES

Small Cap Portfolio

Q What is the Portfolio's investment objective?

A Capital appreciation through a diversified portfolio consisting primarily of securities of companies with market capitalizations of under \$2 billion at time of purchase.

Q What is the Portfolio's investment program?

A The Portfolio invests primarily in equity securities of companies with market capitalizations under \$2 billion at the time of purchase that OpCap Advisors believes are undervalued in the marketplace. The Portfolio may purchase securities listed on U.S. or foreign securities exchanges or traded in the U.S. or foreign over the counter markets. The Portfolio also may purchase securities in initial public offerings or shortly after those offerings have been completed.

Q What are the potential rewards of investing in the Portfolio?

A Common stocks offer a way to invest for long term growth of capital. Opportunities for value creation for small cap companies could result from product expansion or product improvement, industry transition, new management or sale of the company. Small cap companies are followed by fewer analysts than are large and mid cap companies. As additional analysts follow a small cap stock, investor demand for the stock may increase which should result in capital appreciation over the long term.

Managed Portfolio

Q What is the Portfolio's investment objective?

A Growth of capital over time through investment in a portfolio consisting of common stocks, bonds and cash equivalents, the percentages of which will vary based on OpCap Advisors' and PIMCO's assessments of the relative outlook for such investments.

Q What is the Portfolio's investment program?

A The Portfolio seeks to meet its objective by investing in common stocks, bonds and cash equivalents in varying percentages based on OpCap Advisors' and PIMCO's view of relative values. The Portfolio

may purchase securities listed on U.S. or foreign securities exchanges or traded in the U.S. or foreign over the counter markets. The Portfolio also may purchase government and corporate bonds, mortgage-backed securities and high quality money market securities. The Portfolio can invest up to 100% of its assets in debt securities but will only do so if equity securities are not an attractive investment.

Q What are the potential rewards of investing in the Portfolio?

A The Portfolio normally invests mainly in equity securities. Common stocks offer a way to invest for long term growth of capital.

RISKS

Q What are the risks of investing in the Portfolios?

A The Small Cap and Managed Portfolios invest principally in equity securities which may be affected by the following:

Stock Market Volatility - The stock market in general may fluctuate in response to political, market and economic developments and you can lose money on your investments.

Equity investors should have a long-term investment horizon and should be prepared for the ups and downs of the stock market.

Stock Picking - The portfolio manager may select stocks that have prices that turn out not to be undervalued or do not achieve expectations for growth in income or revenues.

Issuer Changes - Changes in the financial condition of an issuer or changes in economic conditions that affect a particular type of issuer can affect the value or credit quality of an issuer's securities.

Small Cap Volatility - Small cap stocks are more volatile and have less trading volume than both large cap and mid cap stocks.

Sector Risk - OpCap Advisors are bottom up investment managers. That means that they select securities for a Portfolio based on the investment merits of a particular issue rather than the business sector.

Investment Styles - Value stocks may be out of favor for a period of time. This investment style can produce poor returns for a period of time.

Asset Allocation Risk - The Managed Portfolio invests in a mix of equity and fixed income securities. The portfolio manager can make the wrong allocation decisions.

Foreign Exposure - When selecting foreign securities for the Portfolios, OpCap Advisors use approximately the same standards that they set for U.S. issuers. Foreign securities, foreign currencies

and securities issued by U.S. entities with substantial foreign operations may have additional risks than U.S. securities.

- Political Risk - Foreign governments can take over the assets or operations of a company or may impose taxes or limits on the removal of the Portfolio's assets from that country.
- Currency risk - The value of securities held in foreign currencies will be affected by changes in the value of that currency.
- Liquidity - Some foreign markets are less liquid and more volatile than the U.S. stock market.
- Limited information - There may be less public information about foreign issuers than there is about U.S. issuers.
- Settlement and clearance - Some foreign markets experience delays in settlement. These delays could cause the Portfolio to miss investment opportunities or to be unable to sell a security.
- Emerging Markets - There are greater risks of unstable governments and economies and restriction on foreign ownership in these countries. The Portfolios presently intend to limit investment in emerging markets to no more than 5% of their total assets.

To the extent that the Portfolios invest in debt securities, the Portfolios are exposed to these risks:

- Interest rate risk - The risk that changes in interest rates will affect the value of fixed income securities in the Portfolio.
- Prepayment risk - The risk that the holder of a mortgage underlying a mortgage backed security will prepay principal.
- Credit risk - The risk that an issuer of a fixed income security will be unable to pay principal and interest payments when they are due.

To the extent that the Managed Portfolio invests in lower grade debt securities, you should know that lower grade debt may have the following additional risks:

- more volatility
- less liquidity
- greater risk of issuer default or insolvency.

INVESTMENT POLICIES

Q Can a Portfolio change its investment objective and investment policies?

A Fundamental policies of a Portfolio cannot be changed without the approval of a majority of the outstanding voting shares of the Portfolio. A Portfolio's investment objective is a fundamental policy. Investment restrictions that are fundamental policies are listed in the Statement of Additional Information. Investment policies are not fundamental and can be changed by the Fund's Board of Trustees.

Q Can the Portfolios use derivative instruments?

A Yes. The Small Cap and Managed Portfolios may use the following derivative instruments:

- futures contracts
- options on futures contracts
- forward foreign currency contracts
- covered calls written on individual securities
- uncovered calls and puts
- options on stock indices
- swaps.

The Small Cap Portfolio does not expect to use derivative instruments significantly, if at all. The Managed Portfolio will sometimes use derivative instruments as part of a strategy designed to reduce exposure to other risks, such as interest risk or currency risk, and may use derivative instruments to meet its investment objectives.

Q What are the risks of derivative instruments?

A Derivative instruments can reduce the return of a Portfolio if :

- Its investment adviser uses a derivative instrument at the wrong time
- The prices of a Portfolio's futures or options positions are not correlated with its other investments
- A Portfolio cannot close out a position because of an illiquid market.

Q Do the Portfolios expect to engage in short-term trading?

A The Portfolios do not expect to engage in frequent short-term trading. The Financial Highlights table in this prospectus shows the turnover rates during prior fiscal years for the Portfolios that were active during this period.

Q Can the Portfolios vary from their investment goals?

- A When a Portfolio's investment adviser or subadviser thinks market or economic conditions are adverse, it may invest up to 100% of its assets in defensive investments such as U.S. Government securities and money market instruments. To the extent that a Portfolio takes a defensive position, it will not be pursuing its investment objective.

FUND MANAGEMENT

OpCap Advisors

The Board of Trustees of the Fund has hired OpCap Advisors to serve as manager of the Fund.

OpCap Advisors is a subsidiary of Oppenheimer Capital, an investment advisory firm with approximately \$37 billion of assets under management as of December 31, 2000. They are indirect wholly-owned subsidiaries of PIMCO Advisors L.P. The mailing address is 1345 Avenue of the Americas, New York, New York 10105.

The general partners of PIMCO Advisors L.P. are PIMCO Partners G.P. and PIMCO Advisors Holding L.P. ("PAH"). PIMCO Partners, G.P. is a general partnership between PIMCO Holdings LLC, a Delaware limited liability company and an indirect wholly-owned subsidiary of Pacific Life Insurance Company, and PIMCO Partners LLC, a California limited liability company controlled by the current Managing Directors and two former Managing Directors of Pacific Investment Management Company, a subsidiary of PIMCO Advisors L.P. PIMCO Partners, G.P. is the sole general partner of PAH.

Through its ownership of PAH, Allianz AG ("Allianz") is the majority owner of PIMCO Advisors L.P. and its subsidiaries, including OpCap Advisors. Pacific Life Insurance Company owns approximately 30% in PIMCO Advisors L.P. Allianz is the world's second largest insurance company and a leading provider of financial services, particularly in Europe, and is represented in more than 70 countries worldwide through subsidiaries, branch and representative offices, and other affiliated entities. Allianz currently has assets under management of more than \$700 billion.

OpCap Advisors and PIMCO Advisors have been in business as investment advisers since 1987 and Oppenheimer Capital has been in business as an investment adviser since 1969.

OpCap Advisors manages the investments of certain Portfolios (and places brokerage orders) and conducts the business affairs of the Fund. Employees of Oppenheimer Capital, PIMCO Advisors and OpCap Advisors perform these services.

Each Portfolio pays OpCap Advisors fees in return for providing or arranging for the provision of investment advisory services. OpCap also pays a portion of its advisory fees to PIMCO in return for the advisory services PIMCO performs for the Managed Portfolio. The Portfolios of the Fund listed below paid OpCap Advisors the following fees as a percentage of average daily net assets during the fiscal period ended December 31, 2000:

Small Cap Portfolio	0.80%
Managed Portfolio	0.78%

OpCap will pay PIMCO a fee at the annual rate of 0.25% of the average daily net assets of the Managed Portfolio for the advisory services PIMCO performed for the Managed Portfolio.

The Fund pays OpCap Advisors at the annual rate of 0.80% of the first \$400 million of average net assets, 0.75% on the next \$400 million of average net assets and 0.70% of assets in excess of \$800 million with respect to the Managed and Small Cap Portfolios.

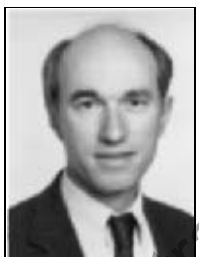
Pacific Investment Management Company (PIMCO)

Founded in 1971, Pacific Investment currently manages \$220 billion on behalf of mutual fund and institutional clients located around the world. PIMCO, a wholly-owned subsidiary of PIMCO Advisors L.P., has its principal offices at 800 Newport Center Drive, Newport Beach, California 92660, is located at 840 Newport Center Drive, Suite 300, Newport Beach, CA 92660. Renowned for its fixed income management expertise, PIMCO manages assets for many of the largest corporations, foundations, endowments, and governmental bodies in the United States and the world.

Portfolio Managers



Mark Degenhart, Senior Vice President, has been a portfolio manager of the Small Cap Portfolio since February 1999. He joined Oppenheimer Capital in January 1999 with responsibilities including research, analysis and investment management. Prior to joining the firm, he was Director of Research and Associate Portfolio Manager at Palisade Capital Management since 1993. He has a BS degree in marketing from the University of Scranton.



Richard Glasebrook, Managing Director of Oppenheimer Capital, joined the firm in 1991. He has a BA from Kenyon College and a MBA from the Harvard School of Business Administration. Mr. Glasebrook has been a portfolio manager of the Managed Portfolio since its inception.



William H. Gross, Managing Director and Chief Investment Officer of PIMCO, has been a co-portfolio manager of the Managed Portfolio since March 2000. Mr. Gross joined PIMCO in June 1971 and is a founding partner of PIMCO.

SHARE PRICE

The Fund calculates each Portfolio's share price, called its net asset value, on each business day that the New York Stock Exchange is open after the close of regular trading (generally 4:00 p.m. Eastern Standard Time). Net asset value per share is computed by adding up the total value of a Portfolio's investments and other assets, subtracting its liabilities and then dividing by the number of shares outstanding.

$$\text{Net Asset Value} = \frac{\text{Total Portfolio Assets} - \text{Liabilities}}{\text{Number of Portfolio Shares Outstanding}}$$

The Fund uses the market prices of securities to value a Portfolio's investments unless securities do not have market quotations or are short-term debt securities. When the Fund uses fair value to price a security, the Fund reviews the pricing method with the Fund's Board. The Fund prices short-term investments that mature in less than 60 days using amortized cost or amortized value. Foreign securities trade on days when the Portfolios do not price their shares so the net asset value of a Portfolio's shares may change on days when shareholders will not be able to buy or sell shares of the Portfolio. If an event occurs after the close of the New York Stock Exchange that the Fund believes changes the value of a security, then the Fund will value the security at what it believes to be fair value.

DISTRIBUTIONS AND TAXES

This discussion is about distributions to the Portfolio's shareholders, which are variable accounts of insurance companies and qualified pension and retirement plans. You should read the prospectus for the variable account for information about distributions and federal tax treatment for contract owners of variable products.

Each Portfolio pays dividends from its net investment income and distributes any net capital gains that it has realized at least once a year.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Portfolios' financial performance. Certain information reflects financial results for a single Portfolio share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in a Portfolio (assuming reinvestment of all dividends and distributions). The information in the financial highlights table below has been audited by PricewaterhouseCoopers LLP, independent accountants, whose report, along with the corresponding Portfolios' financial statements, is incorporated by reference in the Fund's SAI, which is available upon request.

**OCC ACCUMULATION TRUST
SMALL CAP PORTFOLIO
FINANCIAL HIGHLIGHTS**

For a share of beneficial interest outstanding throughout each year:

	Year ended December 31				
	2000	1999	1998	1997	1996
Net asset value, beginning of year	\$22.52	\$23.10	\$26.37	\$22.61	\$19.91
Income from Investment Operations:					
Net investment income	0.26	0.14	0.14	0.08	0.14
Net realized and unrealized gain (loss) on investments	9.62	(0.57)	(2.38)	4.73	3.45
Total income (loss) from investment operations	9.88	(0.43)	(2.24)	4.81	3.59
Dividends and Distributions to Shareholders from:					
Net investment income	(0.14)	(0.15)	(0.09)	(0.13)	(0.25)
Net realized gains	-	-	(0.94)	(0.92)	(0.64)
Total dividends and distributions to shareholders	(0.14)	(0.15)	(1.03)	(1.05)	(0.89)
Net asset value, end of year	\$32.26	\$22.52	\$23.10	\$26.37	\$22.61
Total Return (1)	44.2%	(1.8)%	(9.0)%	22.2%	18.7%
Ratios/Supplemental data:					
Net assets, end of year (000's)	\$224,669	\$151,290	\$155,506	\$110,565	\$34,257
Ratio of expenses to average net assets (2)	0.90%	0.89%	0.88%	0.97%	0.93% (3)
Ratio of net investment income to average net assets	1.03%	0.61%	0.72%	0.64%	1.03% (3)
Portfolio Turnover	114%	99%	51%	68%	50%

(1) Assumes reinvestment of all dividends and distributions.

(2) Inclusive of expenses offset by earnings credits from custodian bank.

(3) During the fiscal year indicated above, the Adviser waived a portion of its fees. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.01% and 0.95%, respectively.

**OCC ACCUMULATION TRUST
MANAGED PORTFOLIO
FINANCIAL HIGHLIGHTS**
For a share of beneficial interest outstanding throughout each year:

	Year ended December 31.				
	2000	1999	1998	1997	1996
Net asset value, beginning of year	\$43.65	\$43.74	\$42.38	\$36.21	\$30.14
Income from Investment Operations:					
Net investment income.....	0.99	0.56	0.60	0.34	0.43
Net realized and unrealized gain on investments	2.41	1.47	2.40	7.45	6.31
Total income from investment operations.....	3.40	2.03	3.00	7.79	6.74
Dividends and Distributions to Shareholders from:					
Net investment income	(0.58)	(0.65)	(0.33)	(0.40)	(0.41)
Net realized gains	(3.27)	(1.47)	(1.31)	(1.22)	(0.26)
Total dividends and distributions to shareholders	(3.85)	(2.12)	(1.64)	(1.62)	(0.67)
Net asset value, end of year.....	\$43.20	\$43.65	\$43.74	\$42.38	\$36.21
Total Return (1).....	9.7%	5.0%	7.1%	22.3%	22.8%
Ratio/Supplemental data:					
Net assets, end of year (000's)	\$693,469	\$804,467	\$777,087	\$466,791	\$180,728
Ratio of expenses to average net assets (2).....	0.86%	0.83%	0.82%	0.87%	0.84% (3)
Ratio of net investment income to average net assets.....	2.20%	1.27%	1.74%	1.42%	1.66% (3)
Portfolio Turnover	168%	50%	37%	32%	27%

(1) Assumes reinvestment of all dividends and distributions.

(2) Inclusive of expenses offset by earnings credits from custodian bank.

(3) During the fiscal year indicated above, the Adviser waived a portion of its fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 0.85% and 1.65%, respectively.

For investors who want more information about the Portfolios, the following documents are available free upon request:

Annual/Semi-annual Reports: Additional information about the Portfolios' investments is available in the Portfolios' annual and semi-annual reports to shareholders. In each Portfolio's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Portfolio's performance during its last fiscal year.

Statement of Additional Information (SAI): The SAI provides more detailed information about the Portfolios and is incorporated into this prospectus by reference.

The SAI and the Portfolio's annual and semi-annual reports are available without charge upon request to your insurance agent or by calling the Portfolios at 1-800-700-8258.

You can review and copy the Portfolios' reports and SAIs at the Public Reference Room of the Securities and Exchange Commission. You can get text-only copies:

After paying a duplicating fee, by electronic request at the following email address: publicinfo@sec.gov, or by writing to or calling the Public Reference Room of the Securities and Exchange Commission, Washington, D.C. 20549-0102
Telephone: 1-202-942-8090

Free from the EDGAR Database on the Commission's Internet website at <http://www.sec.gov>.

OCC Accumulation Trust

Small Cap Portfolio

Managed Portfolio

May 1, 2001

T. ROWE PRICE

Equity Income Portfolio

A stock fund seeking substantial dividend
income and long-term capital growth.

Contract described herein is no longer available for sale.



The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

T. Rowe Price Equity Series, Inc.

T. Rowe Price Equity Income Portfolio

Prospectus

May 1, 2001

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Founded in 1937 by the late Thomas Rowe Price, Jr., T. Rowe Price Associates, Inc., and its affiliates managed \$166.7 billion for more than eight million individual and institutional investor accounts as of December 31, 2000.

Mutual fund shares are not deposits or obligations of, or guaranteed by, any depository institution. Shares are not insured by the FDIC, Federal Reserve, or any other government agency, and are subject to investment risks, including possible loss of the principal amount invested.

Contract described herein is no longer available for sale.

OBJECTIVE, STRATEGY, RISKS, AND EXPENSES

The fund should be used as an investment option for variable annuity and variable life insurance contracts.

What is the fund's objective?

The fund seeks to provide substantial dividend income as well as long-term growth of capital through investments in the common stocks of established companies.

What is the fund's principal investment strategy?

We will normally invest at least 65% of the fund's total assets in the common stocks of well-established companies paying above-average dividends.

We typically employ a "value" approach in selecting investments. Our in-house research team seeks companies that appear to be undervalued by various measures and may be temporarily out of favor, but have good prospects for capital appreciation and dividend growth.

In selecting investments, we generally look for companies with the following:

- an established operating history;
- above-average dividend yield relative to the S&P 500;
- low price/earnings ratio relative to the S&P 500;
- a sound balance sheet and other positive financial characteristics; and
- low stock price relative to a company's underlying value as measured by assets, cash flow, or business franchises.

While most assets will be invested in U.S. common stocks, other securities may also be purchased, including foreign stocks, futures, and options, in keeping with fund objectives.

The fund may sell securities for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into more promising opportunities.

- ▶ *For details about the fund's investment program, please see the Investment Policies and Practices section.*

What are the main risks of investing in the fund?

The value approach carries the risk that the market will not recognize a security's intrinsic value for a long time, or that a stock judged to be undervalued may actually be appropriately priced.

The fund's emphasis on stocks of established companies paying high dividends and its potential investments in fixed-income securities may limit its potential for appreciation in a broad market advance. Such securities may be hurt when interest rates rise sharply. Also, a company may reduce or eliminate its dividend.

As with all equity funds, this fund's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company

may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, our assessment of companies held in the fund may prove incorrect, resulting in losses or poor performance even in a rising market. Finally, the fund's investment approach could fall out of favor with the investing public, resulting in lagging performance versus other types of stock funds.

Foreign stock holdings are subject to the risk that some holdings may lose value because of declining foreign currencies or adverse political or economic events overseas. Investments in futures and options, if any, are subject to additional volatility and potential losses.

As with any mutual fund, there can be no guarantee the fund will achieve its objective.

- ▶ **The fund's share price may decline, so when you sell your shares, you may lose money.**

How can I tell if the fund is appropriate for me?

Consider your investment goals, your time horizon for achieving them, and your tolerance for risk. If you seek a relatively conservative equity investment that provides substantial dividend income along with the potential for capital growth, the fund could be an appropriate part of your overall investment strategy. This fund should not represent your complete investment program or be used for short-term trading purposes.

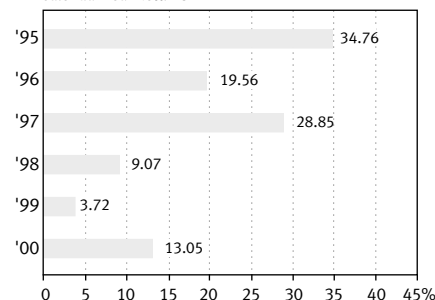
- ▶ **Equity investors should have a long-term investment horizon and be willing to wait out bear markets.**

How has the fund performed in the past?

The bar chart showing calendar year returns and the average annual total return table indicate risk by illustrating how much returns can differ from one year to the next and over time. Fund past performance is no guarantee of future returns.

The fund can also experience short-term performance swings, as shown by the best and worst calendar quarter returns during the years depicted in the chart.

Equity Income Portfolio
Calendar Year Returns



	Quarter Ended	Total Return
Best Quarter	6/30/99	13.14%
Worst Quarter	9/30/99	-8.47%

Table 1 Average Annual Total Returns

	Periods ended December 31, 2000		
	1 year	5 years	Since inception (3/31/94)
Equity Income Portfolio	13.05%	14.53%	16.74%
S&P 500 Stock Index	-9.11	18.33	19.66
Lipper Variable Annuity Underlying Equity Income Funds Average	6.74	15.08	16.49

These figures include changes in principal value, reinvested dividends, and capital gain distributions, if any.

Figures do not reflect fees at the insurance product contract level and if those fees were included returns would be lower.

OTHER INFORMATION ABOUT THE FUND

What are the fund's major characteristics?

T. Rowe Price believes that income can be a significant contributor to total return over time and expects the fund's yield to be above that of the Standard & Poor's 500 Stock Index. The fund will tend to take a "value" approach and invest in stocks and other securities that appear to be temporarily undervalued by various measures, such as price/earnings ratios.

What is meant by a "value" investment approach?

Value investors seek to invest in companies whose stock prices are low in relation to their real worth or future prospects. By identifying companies whose stocks are currently out of favor or misunderstood, value investors hope to realize significant appreciation as other investors recognize the stock's intrinsic value and the price rises accordingly.

Finding undervalued stocks requires considerable research to identify the particular company, analyze its financial condition and prospects, and assess the likelihood that the stock's underlying value will be recognized by the market and reflected in its price.

Some of the principal measures used to identify such stocks are:

- **Price/earnings ratio** Dividing a stock's price by its earnings per share generates a price/earnings or P/E ratio. A stock with a P/E that is significantly below that of its peers, the market as a whole, or its own historical norm may represent an attractive opportunity.
- **Price/book value ratio** Dividing a stock's price by its book value per share indicates how a stock is priced relative to the accounting (i.e., book) value of the company's assets. A ratio below the market, that of its competitors, or its own historic norm could indicate an undervalued situation.
- **Dividend yield** A stock's dividend yield is found by dividing its annual dividend by its share price. A yield significantly above a stock's own historic norm or that of its peers may suggest an investment opportunity.
 - ▶ **A stock selling at \$10 with an annual dividend of \$0.50 has a 5% yield.**
- **Price/cash flow** Dividing a stock's price by the company's cash flow per share, rather than by its earnings or book value, provides a more useful measure of value in some cases. A ratio

below that of the market or of its peers suggests the market may be incorrectly valuing the company's cash flow for reasons that may be temporary.

- **Undervalued assets** This analysis compares a company's stock price with its underlying asset values, its projected value in the private (as opposed to public) market, or its expected value if the company or parts of it were sold or liquidated.
- **Restructuring opportunities** The market can react favorably to the announcement of the successful implementation of a corporate restructuring, financial reengineering, or asset redeployment. Such events can result in an increase in a company's stock price. A value investor may try to anticipate these actions and invest before the market places an appropriate value on any actual or expected changes.

What are some examples of undervalued situations?

There are numerous situations in which a company's value may not be reflected in its stock price. For example, a company may own a substantial amount of real estate that is valued on its financial statements well below market levels. If those properties were to be sold, or if their hidden value became recognized in some other manner, the company's stock price could rise. In another example, a company's management could spin off an unprofitable division into a separate company, potentially increasing the value of the parent. Or, in the reverse, a parent company could spin off a profitable division that has not drawn the attention it deserves, potentially resulting in higher valuations for both entities.

Sometimes new management can revitalize companies that have grown fat or lost their focus, eventually leading to improved profitability. Management could increase shareholder value by using excess cash flow to pay down debt, buying back outstanding shares of common stock, or raising the dividend.

What are some of the fund's potential rewards?

Dividends are normally a more stable and predictable component of total return than capital appreciation. While the price of a company's stock can go up or down in response to earnings or to fluctuations in the general market, dividends are usually more reliable. Stocks paying a high level of dividend income tend to be less volatile than those with below-average dividends and may hold up better in falling markets.

Is there other information I can review before making a decision?

Investment Policies and Practices in Section 3 discusses various types of portfolio securities the fund may purchase as well as types of management practices the fund may use.

Contract described herein is no longer available for sale.

PRICING SHARES AND RECEIVING SALE PROCEEDS

Here are some procedures you should know when investing in the fund. For instructions on how to purchase and redeem shares of the fund, read the insurance contract prospectus.

Shares of the fund are designed to be offered to insurance company separate accounts established for the purpose of funding variable annuity contracts. They may also be offered to insurance company separate accounts established for the purpose of funding variable life contracts. Variable annuity and variable life contract holders or participants are not the shareholders of the fund. Rather, the separate account of the insurance company is the shareholder. The variable annuity and variable life contracts are described in separate prospectuses issued by the insurance companies. The fund assumes no responsibility for such prospectuses, or variable annuity or variable life contracts.

Shares of the fund are sold and redeemed without the imposition of any sales commission or redemption charge. However, certain other charges may apply to annuity or life contracts. Those charges are disclosed in the insurance contract prospectus.

Your ability to exchange from this fund to any other one that serves as an investment option under your insurance contract is governed by the terms of that contract and the insurance contract prospectus.

How and when shares are priced

The share price (also called "net asset value" or NAV per share) for a fund is calculated at the close of the New York Stock Exchange, normally 4 p.m. ET, each day the New York Stock Exchange is open for business. To calculate the NAV, the fund's assets are valued and totaled, liabilities are subtracted, and the balance, called net assets, is divided by the number of shares outstanding. Current market values are used to price fund shares.

How your purchase, sale, or exchange price is determined

Purchases

The insurance companies purchase shares of the fund for their separate accounts, using premiums allocated by the contract holders or participants. Shares are purchased at the NAV next determined after the insurance company receives the premium payment in acceptable form. Initial and subsequent payments allocated to the fund are subject to the limits stated in the separate account prospectus issued by the insurance company.

Redemptions

The insurance companies redeem shares of the fund to make benefit or surrender payments under the terms of its contracts. Redemptions are processed on any day on which the New York Stock Exchange is open and are priced at the fund's NAV next determined after the insurance company receives a surrender request in acceptable form.

Note: The time at which transactions and shares are priced and the time until which orders are accepted may be changed in case of an emergency or if the New York Stock Exchange closes at a time other than 4 p.m. ET.

How you can receive the proceeds from a sale

Payment for redeemed shares will be made promptly, but in no event later than seven days after receipt of your redemption order. However, the right of redemption may be suspended or the date of payment postponed in accordance with the Investment Company Act of 1940 (“1940 Act”). The amount received upon redemption of the shares of the fund may be more or less than the amount paid for the shares, depending on the fluctuations in the market value of the assets owned by the fund.

Excessive Trading

- ▶ *T. Rowe Price may bar excessive traders from purchasing shares.*

Frequent trades involving your account or accounts controlled by you can disrupt management of the fund and raise its expenses. To deter such activity, the fund has adopted an excessive trading policy. If you violate our excessive trading policy, you may be barred indefinitely and without further notice from further purchases of T. Rowe Price funds. Our excessive trading policy applies to contract holders and participants notwithstanding any provisions in your insurance contract:

You can make *one* purchase and *one* sale involving the same fund within any 120-day period. If you exceed this limit or you hold fund shares for less than 60 calendar days, you are in violation of our excessive trading policy. Systematic purchases and redemptions are exempt from this policy.

The terms of your insurance contract may also restrict your ability to trade between the investment options available under your contract.

RIGHTS RESERVED BY THE FUNDS

T. Rowe Price funds and their agents reserve the following rights: (1) to waive or lower investment minimums; (2) to refuse any purchase or exchange order; (3) to cancel or rescind any purchase or exchange order (including, but not limited to, orders deemed to result in excessive trading, market timing, fraud, or 5% ownership by individual contract holders or participants) upon notice to the contract holder or participant within five business days of the trade or if the written confirmation has not been received by the contract holder or participant, whichever is sooner; (4) to freeze any account and suspend account services when notice has been received of a dispute between the registered or beneficial account owners or there is reason to believe a fraudulent transaction may occur; (5) to otherwise modify the conditions of purchase and any services at any time; or (6) to act on instructions believed to be genuine. These actions will be taken when, in the sole discretion of management, they are deemed to be in the best interest of the fund.

In an effort to protect T. Rowe Price funds from the possible adverse effects of a substantial redemption in a large account, as a matter of general policy, no contract holder or participant or group of contract holders or participants controlled by the same person or group of persons will knowingly be permitted to purchase in excess of 5% of the outstanding shares of the fund, except upon approval of the fund’s management.

DIVIDENDS AND OTHER DISTRIBUTIONS

For a discussion of the tax status of your variable annuity contract, please refer to the insurance contract prospectus.

Dividends and Other Distributions

The policy of the fund is to distribute all of its net investment income and net capital gains each year to its shareholders, which are the separate accounts established by the various insurance companies in connection with their issuance of variable annuity and variable life contracts. Dividends from net investment income are declared and paid annually. All fund distributions made to a separate account will be reinvested automatically in additional fund shares, unless a shareholder (separate account) elects to receive distributions in cash. Under current law, dividends and distributions made by the fund to separate accounts generally are not taxable to the separate accounts, the insurance company, or the contract holder, provided that the separate account meets the diversification requirements of Section 817(h) of the Internal Revenue Code of 1986, as amended, and other tax-related requirements are satisfied. The fund intends to diversify its investments in the manner required under Code Section 817(h).

Foreign Transactions

If the fund pays nonrefundable taxes to foreign governments during the year, the taxes will reduce fund dividends.

Contract described herein is no longer available for sale.

ORGANIZATION AND MANAGEMENT

How is the fund organized?

The T. Rowe Price Equity Series, Inc. (the “corporation”) was incorporated in Maryland in 1994. Currently, the corporation consists of seven series, each representing a separate class of shares having different objectives and investment policies. The seven series and the years in which they were established are as follows: Equity Income Portfolio, New America Growth Portfolio, Personal Strategy Balanced Portfolio, 1994; Mid-Cap Growth Portfolio, 1996; and Blue Chip Growth Portfolio, Equity Index 500 Portfolio, Health Sciences Portfolio, 2000. The other six portfolios are described in separate prospectuses.

While the fund is managed in a manner similar to that of the T. Rowe Price Equity Income Fund, investors should be aware that the fund is not the same fund and will not have the same performance. Investments made by the fund at any given time may not be the same as those made by the T. Rowe Price Equity Income Fund. Different performance will result due to factors such as differences in the cash flows into and out of the fund, different fees and expenses, and differences in portfolio size and positions.

- ▶ *Shareholders benefit from T. Rowe Price’s 64 years of investment management experience.*

What is meant by “shares”?

Contract holders and participants indirectly (through the insurance company separate account) purchase shares when they put money in a fund offered as an investment option in their insurance contracts. These shares are part of a fund’s authorized capital stock, but share certificates are not issued.

Each share and fractional share entitles the shareholder (the insurance company separate account) to cast one vote per share on certain fund matters, including the election of fund directors, changes in fundamental policies, or approval of changes in the fund’s management contract.

The shares of the fund have equal voting rights. The various insurance companies own the outstanding shares of the fund in their separate accounts. These separate accounts are registered under the 1940 Act or are excluded from registration thereunder. Under current law, the insurance companies must vote the shares held in registered separate accounts in accordance with voting instructions received from variable contract holders or participants having the right to give such instructions.

Do T. Rowe Price funds have annual shareholder meetings?

The funds are not required to hold annual meetings and, to avoid unnecessary costs to fund shareholders, do not do so except when certain matters, such as a change in fundamental policies, must be decided. In addition, shareholders representing at least 10% of all eligible votes may call a special meeting, if they wish, for the purpose of voting on the removal of any fund director or trustee. If a meeting is held and you cannot attend, you can vote by proxy. Before the meeting, the insurance company will send you the fund’s proxy materials that explain the issues to be decided and include instructions on voting.

- ▶ *All decisions regarding the purchase and sale of fund investments are made by T. Rowe Price – specifically by the fund's portfolio managers.*

Who runs the fund?

General Oversight

The corporation is governed by a Board of Directors that meets regularly to review fund investments, performance, expenses, and other business affairs. The Board elects the corporation's officers. The policy of the corporation is that a majority of Board members are independent of T. Rowe Price Associates, Inc. (T. Rowe Price).

Portfolio Management

The fund has an Investment Advisory Committee with the following members: Brian C. Rogers, Chairman, Stephen W. Boesel, Arthur B. Cecil III, Richard P. Howard, John D. Linehan, and William J. Stromberg. The committee chairman has day-to-day responsibility for managing the fund and works with the committee in developing and executing the fund's investment program. Mr. Rogers has been chairman of the fund's committee since 1994. He joined T. Rowe Price in 1982 and has been managing investments since 1983.

The Management Fee

The fund pays T. Rowe Price an annual all-inclusive fee that includes investment management services and ordinary, recurring operating expenses, but does not cover interest, taxes, brokerage, nonrecurring and extraordinary items or fees and expenses for the fund's independent directors. The fee is based on fund average daily net assets and is calculated and accrued daily. The fee for the fund for the most recent fiscal year was 0.85%.

From time to time, T. Rowe Price may pay eligible insurance companies for services they provide to the fund for contract holders. These payments range from 0.15% to 0.25% of the average annual total assets invested by the separate accounts of the insurance company in the fund.

Variable Annuity and Variable Life Charges

Variable annuity and variable life fees and charges imposed on contract holders and participants by the insurance companies are in addition to those described previously and are described in the variable annuity and variable life contract prospectuses.

Variable Annuity and Variable Life Conflicts

The fund may serve as an investment medium for both variable annuity contracts and variable life insurance policies. Shares of the fund may be offered to separate accounts established by any number of insurance companies. The fund currently does not foresee any disadvantages to variable annuity contract owners due to the fact that the fund may serve as an investment medium for both variable life insurance policies and annuity contracts; however, due to differences in tax treatment or other considerations, it is theoretically possible that the interests of owners of annuity contracts and insurance policies for which the fund serves as an investment medium might at some time be in conflict. However, the fund's Board of Directors is required to monitor events to identify any material conflicts between variable annuity contract owners and variable life policy owners, and will determine what action, if any, should be taken in the event of such a conflict. If such a conflict were to occur, an insurance company participating in the fund might be required to redeem the investment of one or more of its separate accounts from the fund. This might force the fund to sell securities at disadvantageous prices.

UNDERSTANDING PERFORMANCE INFORMATION

This section should help you understand the terms used to describe fund performance. You may see these terms used in shareholder reports you receive from your insurance company.

Total Return

This tells you how much an investment has changed in value over a given time period. It reflects any net increase or decrease in the share price and assumes that all dividends and capital gains (if any) paid during the period were reinvested in additional shares. Therefore, total return numbers include the effect of compounding.

Advertisements may include cumulative or average annual total return figures, which may be compared with various indices, other performance measures, or other mutual funds.

Cumulative Total Return

This is the actual return of an investment for a specified period. A cumulative return does not indicate how much the value of the investment may have fluctuated *during* the period. For example, an investment could have a 10-year positive cumulative return despite experiencing some negative years during that time.

Average Annual Total Return

This is always hypothetical and should not be confused with actual year-by-year results. It smooths out all the variations in annual performance to tell you what *constant* year-by-year return would have produced the investment's actual cumulative return. This gives you an idea of an investment's annual contribution to your portfolio, provided you held it for the entire period.

Total returns quoted for the fund include the effect of deducting the fund's expenses, but may not include charges and expenses attributable to any particular insurance product. Since you can only purchase shares of the fund through an insurance product, you should carefully review the prospectus of the insurance product you have chosen for information on relevant charges and expenses. Excluding these charges from quotations of the fund's performance has the effect of increasing the performance quoted.

INVESTMENT POLICIES AND PRACTICES

This section takes a detailed look at some of the types of fund securities and the various kinds of investment practices that may be used in day-to-day portfolio management. Fund investments are subject to further restrictions and risks described in the Statement of Additional Information.

Shareholder approval is required to substantively change fund objectives and certain investment restrictions noted in the following section as "fundamental policies." The managers also follow certain "operating policies" which can be changed without shareholder approval. However, significant changes are discussed with shareholders in fund reports. Fund investment restrictions and policies are adhered to at the time of investment. A later change in circumstances will not require the sale of an investment if it was proper at the time it was made.

Fund holdings of certain kinds of investments cannot exceed maximum percentages of total assets, which are set forth in this prospectus. For instance, fund investments in hybrid instruments are limited to 10% of total assets. While these restrictions provide a useful level of detail about fund investments, investors should not view them as an accurate gauge of the potential risk of such investments. For example, in a given period, a 5% investment in hybrid instruments could have significantly more of an impact on a fund's share price than its weighting in the portfolio. The net effect of a particular investment depends on its volatility and the size of its overall return in relation to the performance of all other fund investments.

Changes in fund holdings, fund performance, and the contribution of various investments are discussed in the shareholder reports sent to you by your insurance company.

- ▶ ***Fund managers have considerable leeway in choosing investment strategies and selecting securities they believe will help achieve fund objectives.***

Types of Portfolio Securities

In seeking to meet its investment objective, the fund may invest in any type of security or instrument (including certain potentially high-risk derivatives described in this section) whose investment characteristics are consistent with its investment program. The following pages describe various types of fund securities and investment management practices.

Fundamental policy The fund will not purchase a security if, as a result, with respect to 75% of its total assets, more than 5% of its total assets would be invested in securities of a single issuer, or if more than 10% of the voting securities of the issuer would be held by the fund.

Fund investments are primarily in common stocks (normally, at least 65% of total assets) and, to a lesser degree, other types of securities as described below.

Common and Preferred Stocks

Stocks represent shares of ownership in a company. Generally, preferred stock has a specified dividend and ranks after bonds and before common stocks in its claim on income for dividend payments and on assets should the company be liquidated. After other claims are satisfied, common stockholders participate in company profits on a pro-rata basis; profits may be paid out in dividends or reinvested in the company to help it grow. Increases and decreases in earnings are usually reflected in a company's stock price, so common stocks generally have the greatest appreciation and depreciation potential of all corporate securities. While most preferred stocks pay a dividend, preferred stock may be purchased where the issuer has omitted, or is in danger of omitting, payment of its dividend. Such investments would be made primarily for their capital appreciation potential.

Convertible Securities and Warrants

Investments may be made in debt or preferred equity securities convertible into, or exchangeable for, equity securities. Traditionally, convertible securities have paid dividends or interest at rates higher than common stocks but lower than nonconvertible securities. They generally participate in the appreciation or depreciation of the underlying stock into which they are convertible, but to a lesser degree. In recent years, convertibles have been developed which combine higher or lower current income with options and other features. Warrants are options to buy a stated number of shares of common stock at a specified price anytime during the life of the warrants (generally, two or more years). Warrants can be highly volatile, have no voting rights, and pay no dividends.

Foreign Securities

Investments may be made in foreign securities. These include nondollar-denominated securities traded outside of the U.S. and dollar-denominated securities of foreign issuers traded in the U.S. (such as ADRs). Such investments increase a portfolio's diversification and may enhance return, but they also involve some special risks, such as exposure to potentially adverse local, political, and economic developments; nationalization and exchange controls; potentially lower liquidity and higher volatility; possible problems arising from accounting, disclosure, settlement, and regulatory practices that differ from U.S. standards; and the chance that fluctuations in foreign exchange rates will decrease the investment's value (favorable changes can increase its value). These risks are heightened for investments in developing countries, and there is no limit on the amount of fund foreign investments that may be made in such countries.

Operating policy Fund investments in foreign securities are limited to 25% of total assets.

Fixed-Income Securities

From time to time, we may invest in debt securities of any type, including municipal securities, without regard to quality or rating. Such securities would be purchased in companies, municipalities, or entities which meet the investment criteria for the fund. The price of a bond fluctuates with changes in interest rates, generally rising when interest rates fall and falling when interest rates rise.

High-Yield, High-Risk Bonds

The total return and yield of lower-quality (high-yield, high-risk) bonds, commonly referred to as "junk" bonds, can be expected to fluctuate more than the total return and yield of higher-quality, shorter-term bonds, but not as much as those of common stocks. Junk bonds (those rated below BBB or in default) are regarded as predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments.

Operating policy The fund may purchase any type of noninvestment-grade debt security (or junk bond) including those in default. The fund will not purchase this type of security if immediately after such purchase the fund would have more than 10% of its total assets invested in such securities. There is no limit on fund investments in convertible securities.

Hybrid Instruments

These instruments (a type of potentially high-risk derivative) can combine the characteristics of securities, futures, and options. For example, the principal amount, redemption, or conversion terms of a security could be related to the market price of some commodity, currency, or securities index. Such securities may bear interest or pay dividends at below market or even relatively nominal rates. Under some conditions, the redemption value of such an investment could be zero.

- ▶ **Hybrids can have volatile prices and limited liquidity, and their use may not be successful.**

Operating policy Fund investments in hybrid instruments are limited to 10% of total assets.

Private Placements

These securities are sold directly to a small number of investors, usually institutions. Unlike public offerings, such securities are not registered with the SEC. Although certain of these securities may be readily sold, for example, under Rule 144A, others may be illiquid, and their sale may involve substantial delays and additional costs.

Operating policy Fund investments in illiquid securities are limited to 15% of net assets.

Types of Investment Management Practices

Reserve Position

A certain portion of fund assets will be held in money market reserves. Fund reserve positions are expected to consist primarily of shares of one or more T. Rowe Price internal money market funds. Short-term, high-quality U.S. and foreign dollar-denominated money market securities, including repurchase agreements, may also be held. For temporary, defensive purposes, there is no limit on fund investments in money market reserves. The effect of taking such a position is that the fund may not achieve its investment objective. The reserve position provides flexibility in meeting redemptions, paying expenses, and in the timing of new investments and can serve as a short-term defense during periods of unusual market volatility.

Borrowing Money and Transferring Assets

Fund borrowings may be made from banks and other T. Rowe Price funds for temporary emergency purposes to facilitate redemption requests, or for other purposes consistent with fund policies as set forth in this prospectus. Such borrowings may be collateralized with fund assets, subject to restrictions.

Fundamental policy Borrowings may not exceed 33 $\frac{1}{3}$ % of total fund assets.

Operating policy Fund transfers of portfolio securities as collateral will not be made except as necessary in connection with permissible borrowings or investments, and then such transfers may not exceed 33 $\frac{1}{3}$ % of fund total assets. Fund purchases of additional securities will not be made when borrowings exceed 5% of total assets.

Futures and Options

Futures (a type of potentially high-risk derivative) are often used to manage or hedge risk because they enable the investor to buy or sell an asset in the future at an agreed-upon price. Options (another type of potentially high-risk derivative) give the investor the right (where the investor purchases the option), or the obligation (where the investor writes (sells) the option), to buy or sell an asset at a predetermined price in the future. Futures and options contracts may be bought or sold for any number of reasons, including: to manage fund exposure to changes in securities prices and foreign currencies; as an efficient means of adjusting fund overall exposure to certain markets; in an effort to enhance income; as a cash management tool; and to protect the value of portfolio securities. Call and put options may be purchased or sold on securities, financial indices, and foreign currencies.

Futures contracts and options may not always be successful hedges; their prices can be highly volatile; using them could lower fund total return; and the potential loss from the use of futures can exceed a fund's initial investment in such contracts.

Operating policies Futures: Initial margin deposits and premiums on options used for non-hedging purposes will not exceed 5% of fund net asset value. Options on securities: The total market value of securities against which call or put options are written may not exceed 25% of fund total assets. No more than 5% of fund total assets will be committed to premiums when purchasing call or put options.

Exchange Traded Funds (ETFs)

These are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track a particular

market index. The fund could purchase an ETF to temporarily gain exposure to a portion of the U.S. or a foreign market while awaiting purchase of underlying securities. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees which increase their costs.

Managing Foreign Currency Risk

Investors in foreign securities may “hedge” their exposure to potentially unfavorable currency changes by purchasing a contract to exchange one currency for another on some future date at a specified exchange rate. In certain circumstances, a “proxy currency” may be substituted for the currency in which the investment is denominated, a strategy known as “proxy hedging.” Foreign currency transactions, if used, would be designed primarily to protect a fund’s foreign securities from adverse currency movements relative to the dollar. Such transactions involve the risk that anticipated currency movements will not occur, and fund total return could be reduced. There are certain markets, including many emerging markets, where it is not possible to engage in effective foreign currency hedging.

Lending of Portfolio Securities

Fund securities may be lent to broker-dealers, other institutions, or other persons to earn additional income. The principal risk is the potential insolvency of the broker-dealer or other borrower. In this event, a fund could experience delays in recovering its securities, and capital losses.

Fundamental policy The value of loaned securities may not exceed 33 $\frac{1}{3}$ % of total fund assets.

Portfolio Turnover

The fund will not generally trade in securities for short-term profits, but, when circumstances warrant, securities may be purchased and sold without regard to the length of time held. A high turnover rate may increase transaction costs, result in additional capital gain distributions, and reduce the fund’s performance. The fund’s portfolio turnover rates are shown in the Financial Highlights table.

FINANCIAL HIGHLIGHTS

Table 2, which provides information about the fund’s financial history, is based on a single share outstanding throughout the periods shown. The table is part of the fund’s financial statements, which are included in its annual report and are incorporated by reference into the Statement of Additional Information (available upon request). The total returns in the table represent the rate that an investor would have earned or lost on an investment in the fund (assuming reinvestment of all dividends and distributions and no payment of account or (if applicable) redemption fees). The financial statements in the annual report were audited by the fund’s independent accountants, PricewaterhouseCoopers LLP.

Table 2 Financial Highlights

	<i>Year ended December 31</i>				
	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
Net asset value, beginning of period	\$ 13.21	\$ 15.26	\$ 18.59	\$ 19.25	\$ 18.73
Income From Investment Operations					
Net investment income	0.42	0.40	0.39	0.38	0.37
Net gains or losses on securities (both realized and unrealized)	2.13	3.94	1.27	0.33	1.95
Total from investment operations	2.55	4.34	1.66	0.71	2.32
Less Distributions					
Dividends (from net investment income)	(0.42)	(0.40)	(0.39)	(0.38)	(0.37)
Distributions (from capital gains)	(0.08)	(0.61)	(0.61)	(0.85)	(1.13)
Returns of capital	—	—	—	—	—
Total distributions	(0.50)	(1.01)	(1.00)	(1.23)	(1.50)
Net asset value, end of period	\$ 15.26	\$ 18.59	\$ 19.25	\$ 18.73	\$ 19.55
Total return	19.56%	28.85%	9.07%	3.72%	13.05%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	\$103,751	\$344,724	\$526,952	\$595,433	\$645,106
Ratio of expenses to average net assets	0.85%	0.85%	0.85%	0.85%	0.85%
Ratio of net income to average net assets	2.94%	2.56%	2.15%	1.90%	1.98%
Portfolio turnover rate	17.4%	20.5%	18.2%	32.6%	38.7%

Contract described herein is no longer available for sale.

A fund Statement of Additional Information has been filed with the Securities and Exchange Commission and is incorporated by reference into this prospectus. Further information about fund investments, including a review of market conditions and the manager's recent strategies and their impact on performance, is available in the annual and semiannual shareholder reports. To obtain a free copy of a fund report or Statement of Additional Information, or for inquiries, contact your insurance company.

Fund information and Statements of Additional Information are also available from the Public Reference Room of the Securities and Exchange Commission. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-942-8090. Fund reports and other fund information are available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. Copies of this information may be obtained, after paying a duplicating fee, by electronic request at publicinfo@sec.gov, or by writing the Public Reference Room, Washington D.C. 20549-0102.

Contract described herein is no longer available for sale.

1940 Act File No.: 811-07143

May 1, 2001

T. ROWE PRICE

International Stock Portfolio

A stock fund seeking long-term capital growth
through investments in non-U.S. companies.

Contract described herein is no longer available for sale.



The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

T. Rowe Price International Series, Inc.

T. Rowe Price International Stock Portfolio

Prospectus

May 1, 2001

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T. Rowe Price International, Inc., the investment manager, is the successor to Rowe Price-Fleming International, Inc. ("Price-Fleming"), a joint venture with Robert Fleming Holdings, Ltd. ("Flemings") founded in 1979. In 2000, Price-Fleming became wholly-owned by T. Rowe Price Associates, Inc. As of December 31, 2000, T. Rowe Price International managed \$32.7 billion in foreign stocks and bonds through its offices in Baltimore, London, Tokyo, Singapore, Hong Kong, Buenos Aires, and Paris.

Mutual fund shares are not deposits or obligations of, or guaranteed by, any depository institution. Shares are not insured by the FDIC, Federal Reserve, or any other government agency, and are subject to investment risks, including possible loss of the principal amount invested.

Contract described herein is no longer available for sale.

OBJECTIVE, STRATEGY, RISKS, AND EXPENSES

The fund should be used as an investment option for variable annuity and variable life insurance contracts.

What is the fund's objective?

The fund seeks long-term growth of capital through investments primarily in the common stocks of established, non-U.S. companies.

What is the fund's principal investment strategy?

We expect to invest substantially all of the fund's assets outside the U.S. and to diversify broadly among developed and emerging countries throughout the world. Stock selection reflects a growth style. We may purchase the stocks of companies of any size, but our focus will typically be on large and, to a lesser extent, medium-sized companies.

T. Rowe Price International, Inc. ("T. Rowe Price International") employs in-depth fundamental research in an effort to identify companies capable of achieving and sustaining above-average, long-term earnings growth. We seek to purchase such stocks at reasonable prices in relation to present or anticipated earnings, cash flow, or book value, and valuation factors often influence our allocations among large-, mid-, or small-cap shares.

While we invest with an awareness of the global economic backdrop and our outlook for industry sectors and individual countries, bottom-up stock selection is the focus of our decision-making. Country allocation is driven largely by stock selection, though we may limit investments in markets that appear to have poor overall prospects.

In selecting stocks, we generally favor companies with one or more of the following characteristics:

- leading market position;
- attractive business niche;
- strong franchise or monopoly;
- technological leadership or proprietary advantages;
- seasoned management;
- earnings growth and cash flow sufficient to support growing dividends; and
- healthy balance sheet with relatively low debt.

While the fund invests primarily in common stocks, the fund may also purchase other securities, including futures and options, in keeping with the fund's objective.

The fund may sell securities for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into more promising opportunities.

What are the main risks of investing in the fund?

As with all stock funds, this fund's share price can fall because of weakness in one or more of its primary equity markets, a particular industry, or specific holdings. Stock markets can decline for many reasons, including adverse political or economic developments, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in

the competitive environment. In addition, our assessment of companies held in the fund may prove incorrect, resulting in losses or poor performance even in rising markets.

Funds that invest overseas *generally* carry more risk than funds that invest strictly in U.S. assets. Even investments in countries with highly developed economies are subject to significant risks. For example, Japanese stocks were in a steep decline for much of the 1990s. Some particular risks affecting this fund include the following:

- **Currency risk** This refers to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency. The overall impact on a fund's holdings can be significant, unpredictable, and long-lasting depending on the currencies represented in the portfolio and how each one appreciates or depreciates in relation to the U.S. dollar, and whether currency positions are hedged. Under normal conditions, the fund does not engage in extensive foreign currency hedging programs. Further, exchange rate movements are volatile and it is not possible to effectively hedge the currency risks of many developing countries.
- **Geographic risk** The economies and financial markets of certain regions—such as Latin America and Asia—can be interdependent and may decline all at the same time.
- **Emerging market risk** To the extent the fund invests in emerging markets, it is subject to greater risk than a fund investing only in developed markets. The economic and political structures of developing nations, in most cases, do not compare favorably with the U.S. or other developed countries in terms of wealth and stability, and their financial markets often lack liquidity. Fund performance will likely be hurt by exposure to nations in the midst of hyperinflation, currency devaluation, trade disagreements, sudden political upheaval, or interventionist government policies. Significant buying or selling by a few major investors may also heighten the volatility of emerging markets. These factors make investing in such countries significantly riskier than in other countries and any one of them could cause the fund's share price to decline.
- **Other risks of foreign investing** Risks can result from varying stages of economic and political development, differing regulatory environments, trading days, and accounting standards, and higher transaction costs of non-U.S. markets. Investments outside the United States could be subject to governmental actions such as capital or currency controls, nationalization of a company or industry, expropriation of assets, or imposition of high taxes.
 - ▶ *While certain countries have made progress in economic growth, liberalization, fiscal discipline, and political and social stability, there is no assurance these trends will continue.*
- **Futures/options risk** To the extent the fund uses futures and options, it is exposed to additional volatility and potential losses.

As with any mutual fund, there can be no guarantee the fund will achieve its objective.

- ▶ *The fund's share price may decline, so when you sell your shares, you may lose money.*

How can I tell if the fund is appropriate for me?

Consider your investment goals, your time horizon for achieving them, and your tolerance for risk. If you want to diversify your domestic stock portfolio by adding foreign investments, seek the long-term capital appreciation potential of growth stocks, and are comfortable with the risks that accompany foreign investments, the fund could be an appropriate part of your overall investment strategy.

- ▶ *The fund should not represent your complete investment program or be used for short-term trading purposes.*

How has the fund performed in the past?

The bar chart showing calendar year returns and the average annual total return table indicate risk by illustrating how much returns can differ from one year to the next and over time. Fund past performance is no guarantee of future returns.

The fund can also experience short-term performance swings, as shown by the best and worst calendar quarter returns during the years depicted in the chart.

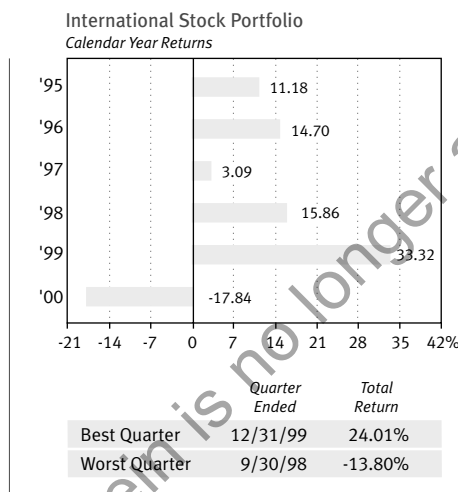


Table 1 Average Annual Total Returns

	Periods ended December 31, 2000		
	1 year	5 years	Since inception (3/31/94)
International Stock Portfolio	-17.84%	8.46%	8.16%
MSCI EAFE Index	-13.96	7.43	7.84
Lipper Variable Annuity Underlying International Funds Average	-14.72	10.15	9.47

These figures include changes in principal value, reinvested dividends, and capital gain distributions, if any. Figures do not reflect fees at the insurance product or contract level and if those fees were included returns would be lower.

OTHER INFORMATION ABOUT THE FUND

What are some of the potential rewards of investing overseas through the fund?

Investing abroad increases the opportunities available to you. Some foreign countries may have greater potential for economic growth than the U.S. Investing a portion of your overall portfolio in foreign stock funds can enhance your diversification while providing the opportunity to boost long-term returns.

How does the portfolio manager try to reduce risk?

The principal tools we use to try to reduce risk are intensive research and limiting exposure to any one industry or company. Currency hedging techniques may be used from time to time.

- T. Rowe Price International employs a team of experienced portfolio managers and analysts, and has offices in London, Tokyo, Singapore, Hong Kong, Buenos Aires, Paris, and Baltimore. Portfolio managers keep close watch on individual investments as well as on political and economic trends in each country and region. Holdings are adjusted according to the manager's analysis and outlook.
- The impact on the fund's share price from a drop in the price of a particular stock is reduced substantially by investing in a portfolio with dozens of different companies. Likewise, the impact of unfavorable developments in a particular country is reduced when investments are spread among many countries. However, the economies and financial markets of countries in a certain region may be influenced heavily by one another.

Is there other information I can review before making a decision?

Investment Policies and Practices in Section 3 discusses various types of portfolio securities the fund may purchase as well as types of management practices the fund may use.

Contract described herein is no longer available for sale.

PRICING SHARES AND RECEIVING SALE PROCEEDS

Here are some procedures you should know when investing in the fund. For instructions on how to purchase and redeem shares of the fund, read the insurance contract prospectus.

Shares of the fund are designed to be offered to insurance company separate accounts established for the purpose of funding variable annuity contracts. They may also be offered to insurance company separate accounts established for the purpose of funding variable life contracts. Variable annuity and variable life contract holders or participants are not the shareholders of the fund. Rather, the separate account of the insurance company is the shareholder. The variable annuity and variable life contracts are described in separate prospectuses issued by the insurance companies. The fund assumes no responsibility for such prospectuses, or variable annuity or variable life contracts.

Shares of the fund are sold and redeemed without the imposition of any sales commission or redemption charge. However, certain other charges may apply to annuity or life contracts. Those charges are disclosed in the insurance contract prospectus.

Your ability to exchange from this fund to any other one that serves as an investment option under your insurance contract is governed by the terms of that contract and the insurance contract prospectus.

How and when shares are priced

The share price (also called "net asset value" or NAV per share) for the fund is calculated at the close of the New York Stock Exchange, normally 4 p.m. ET, each day the New York Stock Exchange is open for business. To calculate the NAV, the fund's assets are valued and totaled, liabilities are subtracted, and the balance, called net assets, is divided by the number of shares outstanding. Current market values are used to price fund shares.

The fund's portfolio securities usually are valued on the basis of the most recent closing market prices at 4 p.m. ET when the fund calculates its NAV. Most of the securities in which the fund invests, however, are traded in markets that close before that time. For securities primarily traded in the Far East, for example, the most recent closing prices may be as much as 15 hours old at 4 p.m. Normally, developments that could affect the values of portfolio securities that occur between the close of the foreign market and 4 p.m. ET will not be reflected in the fund's NAV. However, if the fund determines that such developments are so significant that they will, in its judgment, clearly and materially affect the value of the fund's securities, the fund may adjust the previous closing prices to reflect what it believes to be the fair value of the securities as of 4 p.m. ET. The fund may fair value securities in other situations, for example, when a particular foreign market is closed but the fund is open.

How your purchase, sale, or exchange price is determined

Purchases

The insurance companies purchase shares of the fund for their separate accounts, using premiums allocated by the contract holders or participants. Shares are purchased at the NAV next determined after the insurance company receives the premium payment in acceptable form. Initial and subsequent payments allocated to the fund are subject to the limits stated in the separate account prospectus issued by the insurance company.

Redemptions

The insurance companies redeem shares of the fund to make benefit or surrender payments under the terms of its contracts. Redemptions are processed on any day on which the New York Stock Exchange is open and are priced at the fund's NAV next determined after the insurance company receives a surrender request in acceptable form.

Note: The time at which transactions and shares are priced and the time until which orders are accepted may be changed in case of an emergency or if the New York Stock Exchange closes at a time other than 4 p.m. ET.

How you can receive the proceeds from a sale

Payment for redeemed shares will be made promptly, but in no event later than seven days after receipt of your redemption order. However, the right of redemption may be suspended or the date of payment postponed in accordance with the Investment Company Act of 1940 ("1940 Act"). The amount received upon redemption of the shares of the fund may be more or less than the amount paid for the shares, depending on the fluctuations in the market value of the assets owned by the fund.

Excessive Trading

- ▶ *T. Rowe Price may bar excessive traders from purchasing shares.*

Frequent trades involving your account or accounts controlled by you can disrupt management of the fund and raise its expenses. To deter such activity, the fund has adopted an excessive trading policy. If you violate our excessive trading policy, you may be barred indefinitely and without further notice from further purchases of T. Rowe Price funds. Our excessive trading policy applies to contract holders and participants notwithstanding any provisions in your insurance contract:

You can make *one* purchase and *one* sale involving the same fund within any 120-day period. If you exceed this limit or you hold fund shares for less than 60 calendar days, you are in violation of our excessive trading policy. Systematic purchases and redemptions are exempt from this policy.

The terms of your insurance contract may also restrict your ability to trade between the investment options available under your contract.

RIGHTS RESERVED BY THE FUNDS

T. Rowe Price funds and their agents reserve the following rights: (1) to waive or lower investment minimums; (2) to refuse any purchase or exchange order; (3) to cancel or rescind any purchase or exchange order (including, but not limited to, orders deemed to result in excessive trading, market timing, fraud, or 5% ownership by individual contract holders or participants) upon notice to the contract holder or participant within five business days of the trade or if the written confirmation has not been received by the contract holder or participant, whichever is sooner; (4) to freeze any account and suspend account services when notice has been received of a dispute between the registered or beneficial account owners or there is reason to believe a fraudulent transaction may occur; (5) to otherwise modify the conditions of purchase and any services at any time; or (6) to act on instructions believed to be genuine. These actions will be

taken when, in the sole discretion of management, they are deemed to be in the best interest of the fund.

In an effort to protect T. Rowe Price funds from the possible adverse effects of a substantial redemption in a large account, as a matter of general policy, no contract holder or participant or group of contract holders or participants controlled by the same person or group of persons will knowingly be permitted to purchase in excess of 5% of the outstanding shares of the fund, except upon approval of the fund's management.

DIVIDENDS AND OTHER DISTRIBUTIONS

For a discussion of the tax status of your variable annuity contract, please refer to the insurance contract prospectus.

Dividends and Other Distributions

The policy of the fund is to distribute all of its net investment income and net capital gains each year to its shareholders, which are the separate accounts established by the various insurance companies in connection with their issuance of variable annuity and variable life contracts. Dividends from net investment income are declared and paid annually. All fund distributions made to a separate account will be reinvested automatically in additional fund shares, unless a shareholder (separate account) elects to receive distributions in cash. Under current law, dividends and distributions made by the fund to separate accounts generally are not taxable to the separate accounts, the insurance company, or the contract holder, provided that the separate account meets the diversification requirements of Section 817(h) of the Internal Revenue Code of 1986, as amended, and other tax-related requirements are satisfied. The fund intends to diversify its investments in the manner required under Code Section 817(h).

Foreign Transactions

If the fund pays nonrefundable taxes to foreign governments during the year, the taxes will reduce fund dividends.

Contract described herein is not available for sale.

ORGANIZATION AND MANAGEMENT

How is the fund organized?

The T. Rowe Price International Series, Inc. (the “corporation”) was incorporated in Maryland in 1994. Currently, the corporation consists of one series, the International Stock Portfolio.

While the fund is managed in a manner similar to that of the T. Rowe Price International Stock Fund, investors should be aware that the fund is not the same fund and will not have the same performance. Investments made by the fund at any given time may not be the same as those made by the T. Rowe Price International Stock Fund. Different performance will result due to factors such as differences in the cash flows into and out of the fund, different fees and expenses, and differences in portfolio size and positions.

What is meant by “shares”?

Contract holders and participants indirectly (through the insurance company separate account) purchase shares when they put money in a fund offered as an investment option in their insurance contracts. These shares are part of a fund’s authorized capital stock, but share certificates are not issued.

Each share and fractional share entitles the shareholder (the insurance company separate account) to cast one vote per share on certain fund matters, including the election of fund directors, changes in fundamental policies, or approval of changes in the fund’s management contract.

The shares of the fund have equal voting rights. The various insurance companies own the outstanding shares of the fund in their separate accounts. These separate accounts are registered under the 1940 Act or are excluded from registration thereunder. Under current law, the insurance companies must vote the shares held in registered separate accounts in accordance with voting instructions received from variable contract holders or participants having the right to give such instructions.

Do T. Rowe Price funds have annual shareholder meetings?

The funds are not required to hold annual meetings and, to avoid unnecessary costs to fund shareholders, do not do so except when certain matters, such as a change in fundamental policies, must be decided. In addition, shareholders representing at least 10% of all eligible votes may call a special meeting, if they wish, for the purpose of voting on the removal of any fund director or trustee. If a meeting is held and you cannot attend, you can vote by proxy. Before the meeting, the insurance company will send you the fund’s proxy materials that explain the issues to be decided and include instructions on voting.

Who runs the fund?

General Oversight

The corporation is governed by a Board of Directors that meets regularly to review the fund investments, performance, expenses, and other business affairs. The Board elects the corporation’s officers. The policy of the corporation is that the majority of Board members are independent of T. Rowe Price International.

- ▶ *All decisions regarding the purchase and sale of fund investments are made by T. Rowe Price International—specifically by the fund’s Investment Advisory Group.*

Investment Manager

T. Rowe Price International is responsible for the selection and management of the fund’s portfolio investments. The company, a wholly owned subsidiary of T. Rowe Price Associates, is the successor to Rowe Price-Fleming International (“Price-Fleming”), a joint venture established in 1979 between T. Rowe Price Associates and Robert Fleming Holdings (“Flemings”). In 2000, T. Rowe Price became the sole owner of Price-Fleming and renamed the company T. Rowe Price International. The U.S. office of T. Rowe Price International is located at 100 East Pratt Street, Baltimore, Maryland 21202. Offices are also located in London, Tokyo, Singapore, Hong Kong, Buenos Aires, and Paris.

Portfolio Management

The fund has an Investment Advisory Committee with the following members: Martin G. Wade, Chairman, Christopher D. Alderson, Mark C.J. Bickford-Smith, Michael J. Conelius, Frances Dydasco, Mark J.T. Edwards, John R. Ford, Christopher Rothery, James B.M. Seddon, Robert W. Smith, Benedict R.F. Thomas, and David J.L. Warren. The committee chairman has day-to-day responsibility for managing the portfolio and works with the committee in developing and executing the fund’s investment program. Mr. Wade has been chairman of the fund’s committee since its inception. He joined T. Rowe Price International in 1979 and has 33 years of experience in research, client service, and investment management.

The Management Fee

The fund pays T. Rowe Price an annual all-inclusive fee that includes investment management services and ordinary, recurring operating expenses, but does not cover interest, taxes, brokerage, non-recurring and extraordinary items or fees and expenses for the fund’s independent directors. The fee is based on fund average daily net assets and is calculated and accrued daily. The fee for the fund for the most recent fiscal year was 1.05%.

From time to time, T. Rowe Price International may pay eligible insurance companies for services they provide to the fund for contract holders. These payments range from 0.15% to 0.25% of the average annual total assets invested by the separate accounts of the insurance company in the fund.

Variable Annuity and Variable Life Charges

Variable annuity and variable life fees and charges imposed on contract holders and participants by the insurance companies are in addition to those described previously and are described in the variable annuity and variable life contract prospectuses.

Variable Annuity and Variable Life Conflicts

The fund may serve as an investment medium for both variable annuity contracts and variable life insurance policies. Shares of the fund may be offered to separate accounts established by any number of insurance companies. The fund currently does not foresee any disadvantages to variable annuity contract owners due to the fact that the fund may serve as an investment medium for both variable life insurance policies and annuity contracts; however, due to differences in tax treatment or other considerations, it is theoretically possible that the interests of owners of annuity contracts and insurance policies for which the fund serves as an investment medium might at some time be in conflict. However, the fund’s Board of Directors is required to monitor events to identify any material conflicts between variable annuity contract owners and variable life policy owners, and will determine what action, if any, should be taken in the event of such a conflict. If such a conflict were to occur, an insurance company participating in

the fund might be required to redeem the investment of one or more of its separate accounts from the fund. This might force the fund to sell securities at disadvantageous prices.

UNDERSTANDING PERFORMANCE INFORMATION

This section should help you understand the terms used to describe fund performance. You may see these terms used in shareholder reports you receive from your insurance company.

Total Return

This tells you how much an investment has changed in value over a given time period. It reflects any net increase or decrease in the share price and assumes that all dividends and capital gains (if any) paid during the period were reinvested in additional shares. Therefore, total return numbers include the effect of compounding.

Advertisements may include cumulative or average annual total return figures, which may be compared with various indices, other performance measures, or other mutual funds.

Cumulative Total Return

This is the actual return of an investment for a specified period. A cumulative return does not indicate how much the value of the investment may have fluctuated *during* the period. For example, an investment could have a 10-year positive cumulative return despite experiencing some negative years during that time.

Average Annual Total Return

This is always hypothetical and should not be confused with actual year-by-year results. It smooths out all the variations in annual performance to tell you what *constant* year-by-year return would have produced the investment's actual cumulative return. This gives you an idea of an investment's annual contribution to your portfolio, provided you held it for the entire period.

Total returns and yields quoted for the fund include the effect of deducting the fund's expenses, but may not include charges and expenses attributable to any particular insurance product. Since you can only purchase shares of the fund through an insurance product, you should carefully review the prospectus of the insurance product you have chosen for information on relevant charges and expenses. Excluding these charges from quotations of the fund's performance has the effect of increasing the performance quoted.

INVESTMENT POLICIES AND PRACTICES

This section takes a detailed look at some of the types of fund securities and the various kinds of investment practices that may be used in day-to-day portfolio management. Fund investments are subject to further restrictions and risks described in the Statement of Additional Information.

Shareholder approval is required to substantively change fund objectives and certain investment restrictions noted in the following section as "fundamental policies." The managers also follow certain "operating policies" which can be changed without shareholder approval. However, significant changes are discussed with shareholders in fund reports. Fund investment

restrictions and policies are adhered to at the time of investment. A later change in circumstances will not require the sale of an investment if it was proper at the time it was made.

Fund holdings of certain kinds of investments cannot exceed maximum percentages of total assets, which are set forth in this prospectus. For instance, fund investments in hybrid instruments are limited to 10% of total assets. While these restrictions provide a useful level of detail about fund investments, investors should not view them as an accurate gauge of the potential risk of such investments. For example, in a given period, a 5% investment in hybrid instruments could have significantly more of an impact on a fund's share price than its weighting in the portfolio. The net effect of a particular investment depends on its volatility and the size of its overall return in relation to the performance of all other fund investments.

Changes in fund holdings, fund performance, and the contribution of various investments are discussed in the shareholder reports sent to you by your insurance company.

- ▶ *Fund managers have considerable leeway in choosing investment strategies and selecting securities they believe will help achieve fund objectives.*

Types of Portfolio Securities

In seeking to meet its investment objective, the fund may invest in any type of security or instrument (including certain potentially high-risk derivatives described in this section) whose investment characteristics are consistent with its investment program. The following pages describe various types of fund securities and investment management practices.

Fundamental policy The fund will not purchase a security if, as a result, with respect to 75% of its total assets, more than 5% of its total assets would be invested in securities of a single issuer, or if more than 10% of the voting securities of the issuer would be held by the fund.

Fund investments are primarily in common stocks (normally, at least 65% of total assets) and, to a lesser degree, other types of securities as described below.

Common and Preferred Stocks

Stocks represent shares of ownership in a company. Generally, preferred stock has a specified dividend and ranks after bonds and before common stocks in its claim on income for dividend payments and on assets should the company be liquidated. After other claims are satisfied, common stockholders participate in company profits on a pro-rata basis; profits may be paid out in dividends or reinvested in the company to help it grow. Increases and decreases in earnings are usually reflected in a company's stock price, so common stocks generally have the greatest appreciation and depreciation potential of all corporate securities. While most preferred stocks pay a dividend, preferred stock may be purchased where the issuer has omitted, or is in danger of omitting, payment of its dividend. Such investments would be made primarily for their capital appreciation potential.

Convertible Securities and Warrants

Investments may be made in debt or preferred equity securities convertible into, or exchangeable for, equity securities. Traditionally, convertible securities have paid dividends or interest at rates higher than common stocks but lower than nonconvertible securities. They generally participate in the appreciation or depreciation of the underlying stock into which they are convertible, but to a lesser degree. In recent years, convertibles have been developed which combine higher or lower current income with options and other features. Warrants are options to buy a stated number of shares of common stock at a specified price anytime during the life of

the warrants (generally, two or more years). Warrants can be highly volatile, have no voting rights, and pay no dividends.

Fixed-Income Securities

From time to time, we may invest in corporate and government fixed-income securities. These securities would be purchased in companies that meet fund investment criteria. The price of a bond fluctuates with changes in interest rates, generally rising when interest rates fall and falling when interest rates rise.

Hybrid Instruments

These instruments (a type of potentially high-risk derivative) can combine the characteristics of securities, futures, and options. For example, the principal amount, redemption, or conversion terms of a security could be related to the market price of some commodity, currency, or securities index. Such securities may bear interest or pay dividends at below market or even relatively nominal rates. Under some conditions, the redemption value of such an investment could be zero.

- ▶ *Hybrids can have volatile prices and limited liquidity, and their use may not be successful.*

Operating policy Fund investments in hybrid instruments are limited to 10% of total assets.

Private Placements

These securities are sold directly to a small number of investors, usually institutions. Unlike public offerings, such securities are not registered with the SEC. Although certain of these securities may be readily sold, for example, under Rule 144A, others may be illiquid, and their sale may involve substantial delays and additional costs.

Operating policy Fund investments in illiquid securities are limited to 15% of net assets.

Types of Investment Management Practices

Reserve Position

A certain portion of fund assets will be held in money market reserves. Fund reserve positions are expected to consist primarily of shares of one or more T. Rowe Price internal money market funds. Short-term, high-quality U.S. and foreign dollar-denominated money market securities, including repurchase agreements, may also be held. For temporary, defensive purposes, there is no limit on fund investments in money market reserves. The effect of taking such a position is that the fund may not achieve its investment objective. The reserve position provides flexibility in meeting redemptions, paying expenses, and in the timing of new investments and can serve as a short-term defense during periods of unusual market volatility.

Borrowing Money and Transferring Assets

Fund borrowings may be made from banks and other T. Rowe Price funds for temporary emergency purposes to facilitate redemption requests, or for other purposes consistent with fund policies as set forth in this prospectus. Such borrowings may be collateralized with fund assets, subject to restrictions.

Fundamental policy Borrowings may not exceed 33 $\frac{1}{3}$ % of total fund assets.

Operating policy Fund transfers of portfolio securities as collateral will not be made except as necessary in connection with permissible borrowings or investments, and then such transfers may not exceed 33 $\frac{1}{3}$ % of fund total assets. Fund purchases of additional securities will not be made when borrowings exceed 5% of total assets.

Foreign Currency Transactions

The fund will normally conduct its foreign currency exchange transactions, if any, either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward contracts to purchase or sell foreign currencies. The fund will generally not enter into a forward contract with a term greater than one year.

The fund will generally enter into forward foreign currency exchange contracts only under two circumstances. First, when the fund enters into a contract for the purchase or sale of a security denominated in a foreign currency, it may desire to “lock in” the U.S. dollar price of the security. Second, when T. Rowe Price International believes that the currency of a particular foreign country may move substantially against another currency, it may enter into a forward contract to sell or buy the former foreign currency (or another currency that acts as a proxy for that currency). The contract may approximate the value of some or all of the fund portfolio securities denominated in such foreign currency. Under unusual circumstances, the fund may commit a substantial portion or the entire value of its portfolio to the consummation of these contracts. T. Rowe Price International will consider the effect such a commitment to forward contracts would have on the fund investment program and the flexibility of the fund to purchase additional securities. Although forward contracts will be used primarily to protect the fund from adverse currency movements, they also involve the risk that anticipated currency movements will not be accurately predicted, and fund total return could be adversely affected as a result.

There are some markets where it is not possible to engage in effective foreign currency hedging. This is generally true, for example, for the currencies of various emerging markets where the foreign exchange markets are not sufficiently developed to permit hedging activity to take place.

Futures and Options

Futures (a type of potentially high-risk derivative) are often used to manage or hedge risk because they enable the investor to buy or sell an asset in the future at an agreed-upon price. Options (another type of potentially high-risk derivative) give the investor the right (where the investor purchases the option), or the obligation (where the investor writes (sells) the option), to buy or sell an asset at a predetermined price in the future. Futures and options contracts may be bought or sold for any number of reasons, including: to manage fund exposure to changes in securities prices and foreign currencies; as an efficient means of adjusting fund overall exposure to certain markets; in an effort to enhance income; as a cash management tool; and to protect the value of portfolio securities. Call and put options may be purchased or sold on securities, financial indices, and foreign currencies.

Futures contracts and options may not always be successful hedges; their prices can be highly volatile; using them could lower fund total return; and the potential loss from the use of futures can exceed a fund's initial investment in such contracts.

Operating policies Futures: Initial margin deposits and premiums on options used for non-hedging purposes will not exceed 5% of fund net asset value. Options on securities: The total market value of securities against which call or put options are written may not exceed 25% of fund total assets. No more than 5% of fund total assets will be committed to premiums when purchasing call or put options.

Exchange Traded Funds (ETFs)

These are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track a particular market index. The fund could purchase an ETF to temporarily gain exposure to a portion of the U.S. or a foreign market while awaiting purchase of underlying securities. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees which increase their costs.

Tax Consequences of Hedging

Hedging may result in the application of the mark-to-market and straddle provisions of the Internal Revenue Code. These provisions could result in an increase (or decrease) in the amount of taxable dividends paid by the fund and could affect whether dividends paid are classified as capital gains or ordinary income.

Lending of Portfolio Securities

Fund securities may be lent to broker-dealers, other institutions, or other persons to earn additional income. The principal risk is the potential insolvency of the broker-dealer or other borrower. In this event, a fund could experience delays in recovering its securities and capital losses.

Fundamental policy The value of loaned securities may not exceed 33 $\frac{1}{3}$ % of total fund assets.

Portfolio Turnover

The fund will not generally trade in securities for short-term profits, but, when circumstances warrant, securities may be purchased and sold without regard to the length of time held. A high turnover rate may increase transaction costs, result in additional capital gain distributions, and reduce the fund's performance. The fund's portfolio turnover rates are shown in the Financial Highlights table.

FINANCIAL HIGHLIGHTS

Table 2, which provides information about the fund's financial history, is based on a single share outstanding throughout the periods shown. The table is part of the fund's financial statements, which are included in its annual report and are incorporated by reference into the Statement of Additional Information (available upon request). The total returns in the table represent the rate that an investor would have earned or lost on an investment in the fund (assuming reinvestment of all dividends and distributions and no payment of account or (if applicable) redemption fees). The financial statements in the annual report were audited by the fund's independent accountants, PricewaterhouseCoopers LLP.

Table 2 Financial Highlights

	Year ended December 31				
	1996	1997	1998	1999	2000
Net asset value, beginning of period	\$ 11.26	\$ 12.64	\$ 12.74	\$ 14.52	\$ 19.04
Income From Investment Operations					
Net investment income	0.09	0.12	0.17	0.12	0.07
Net gains or losses on securities (both realized and unrealized)	1.55	0.27 ^a	1.84	4.69	(3.46)
Total from investment operations	1.64	0.39	2.01	4.81	(3.39)
Less Distributions					
Dividends (from net investment income)	(0.17)	(0.12)	(0.17)	(0.07)	(0.10)
Distributions (from capital gains)	(0.09)	(0.06)	(0.06)	(0.22)	(0.48)
In excess of realized gain	—	(0.11)	—	—	—
Returns of capital	—	—	—	—	—
Total distributions	(0.26)	(0.29)	(0.23)	(0.29)	(0.58)
Net asset value, end of period	\$ 12.64	\$ 12.74	\$ 14.52	\$ 19.04	\$ 15.07
Total return	14.70%	3.09%	15.86%	33.32%	(17.84)%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	\$210,746	\$369,400	\$497,946	\$707,330	\$662,159
Ratio of expenses to average net assets	1.05%	1.05%	1.05%	1.05%	1.05%
Ratio of net income to average net assets	1.22%	1.10%	1.25%	0.83%	0.43%
Portfolio turnover rate	9.7%	16.6%	18.1%	25.4%	41.7%

^a The amount presented is calculated pursuant to a methodology prescribed by the Securities and Exchange Commission for a share outstanding throughout the period. This amount is inconsistent with the fund's aggregate gains and losses because of the timing of sales and redemptions of fund shares in relation to fluctuating market values for the investment portfolio.

Contract described herein is no longer available for sale.

A fund Statement of Additional Information has been filed with the Securities and Exchange Commission and is incorporated by reference into this prospectus. Further information about fund investments, including a review of market conditions and the manager's recent strategies and their impact on performance, is available in the annual and semiannual shareholder reports. To obtain a free copy of a fund report or Statement of Additional Information, or for inquiries, contact your insurance company.

Fund information and Statements of Additional Information are also available from the Public Reference Room of the Securities and Exchange Commission. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-942-8090. Fund reports and other fund information are available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. Copies of this information may be obtained, after paying a duplicating fee, by electronic request at publicinfo@sec.gov, or by writing the Public Reference Room, Washington D.C. 20549-0102.

Contract described herein is no longer available for sale.

1940 Act File No.: 811-07145

5/1/01

Glossary

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

ACCUMULATION PHASE

The period that begins with the contract date (see below definition) 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.

ANNUITANT

The person whose life determines how long the contract lasts and the amount of income payments that will be paid.

ANNUITY DATE

The date when income payments are scheduled to begin.

BENEFICIARY

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

CASH VALUE

This is the total value of your contract minus any withdrawal charge(s) or market-value adjustment, if applicable.

CO-ANNUITANT

The person shown on the contract data pages who becomes the Annuitant upon the death of the Annuitant before the Annuity Date. No Co-Annuitant may be designated if the Owner is a non-natural person.

CONTRACT DATE

The date we receive your initial purchase payment and all necessary paperwork in good order at the Prudential Annuity Service Center. Contract anniversaries are measured from the contract date. A contract year starts on the contract date or on a contract anniversary.

CONTRACTOWNER, OWNER OR YOU

The person entitled to the ownership rights under the contract.

CONTRACT VALUE

The total value of the amounts in a contract allocated to the variable investment options and the interest rate options as of a particular date.

DEATH BENEFIT

If the sole or last surviving annuitant dies, the designated person(s) or the beneficiary will receive, at a minimum, the

total amount invested or a potentially greater amount related to market appreciation. See "What is the Death Benefit?" on page 24.

INCOME OPTIONS

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

INTEREST-RATE OPTION

An investment option that offers a fixed-rate of interest for a selected period during which periodic transfers are made to selected variable investment options (dollar cost averaging option), a one-year period (fixed-rate option) or a seven-year period (market-value adjustment option).

PRUDENTIAL ANNUITY SERVICE CENTER

For general correspondence: P.O. Box 7960, Philadelphia, PA 19101. For express overnight mail: 2101 Welsh Road, Dresher, PA 19025. The phone number is (888) PRU-2888.

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

TAX DEFERRAL

This is a way to increase your assets without currently being taxed. You do not pay taxes on your contract earnings until you take money out of your contract.

VARIABLE INVESTMENT OPTION

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

Prudential's Commitment to Your Education

We hope you have found the information on the front and back covers of this prospectus to be useful and informative. Education is an integral part of helping people build strong, secure financial futures for themselves and for their families.

Prudential is committed to education as a service to consumers and investors, as well as to the larger community. In fact, support for education is a major focus of Prudential Community Resources, which coordinates grants, social investments, employee voluntarism, and strategic partnerships toward the goal of building more productive, self-sufficient towns and cities nationwide.

Prudential will continue to demonstrate its commitment to education and community, because helping people is what Prudential is all about.

Contract described herein is no longer available for sale.

Discovery Select is a variable annuity issued by Pruco Life Insurance Company of New Jersey, located at 213 Washington Street, Newark, NJ 07102-2992, and is distributed through Prudential Investment Management Services LLC, Three Gateway Center, 14th Floor, Newark, NJ 07102-4077, and offered through Prudential Securities Incorporated, 199 Water Street, New York, NY 10292, and Pruco Securities Corporation, 751 Broad Street, Newark, NJ 07102-3777. All are Prudential companies.

Prudential and Pruco Life are each solely responsible for their respective financial condition and contractual obligations.

Discovery is a registered mark of Prudential.

Prudential Financial is a service mark of Prudential, Newark, NJ and its affiliates.

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Prudential Financial

The Prudential Insurance Company of America
751 Broad Street
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