

Contract anniversaries since purchase payment	Withdrawal charge (percent)
6 or more .....	0

Prudential Life deducts an M&E charge and an administration fee from contract value at an aggregate annual rate equal to 1.20% of amounts invested in the contract's variable investment options. A charge for administrative expenses relating to the maintenance of the Discovery Plus Contract is deducted annually on each contract anniversary and upon surrender from the contract value. This maintenance fee is \$30, and is waived on contracts with a \$10,000 contract value or greater on the contract anniversary or full surrender. Charges for the Underlying Funds of the Discovery Plus Contracts (as of December 31, 2002) ranged on an annual basis from 0.37% to 0.82% of average daily net assets.

19. The VIP Contracts are individual, flexible premium variable annuity contracts that allow the contract owner to allocate purchase payments to 13 portfolios of The Prudential Series Fund, Inc., to the Prudential Variable Contract Real Property Account and to a fixed interest-rate option. These contracts are registered under the 1933 Act on Form N-4 (File No. 2-80897). The Qualified Variable Investment Plan Contracts ("QVIP Contracts") are also registered under the 1933 Act on Form N-4 (File No. 2-81318) and generally have the same features as the VIP contracts, except that they are sold only to certain retirement arrangements. Except as indicated, the discussion herein concerning the VIP Contracts applies equally to the Qualified Variable Investment Plan Contracts, and references to the VIP contracts encompass both VIP and QVIP Contracts. The total expenses of the Prudential Series Fund portfolios available under the VIP contracts (as of December 31, 2002) ranged from 0.37% to 0.82% annually.

20. The VIP Contracts also offer a DCA Program, under which the contract owner can systematically transfer amounts from the money market sub-account into any other variable investment option. During the first three years of the contract, Prudential Life adds an additional 1% bonus to each purchase payment made by an owner. This 1% bonus vests over a period of eight contract anniversaries. Prudential Life has the contractual discretion to grant the 1% bonus for purchase payments made after the third contract year, and currently does so. Applicants represent that each owner of a VIP

Contract to whom an exchange offer is extended will be fully vested in his/her bonus amounts. The VIP Contract offers several annuity and settlement options, including life annuity with 10 years certain and an interest payment option. If the annuitant under a VIP Contract dies, the beneficiary will receive the total value of the contract, or, depending on the age of the annuitant, the total amount invested in the contract (reduced proportionately by withdrawals), whichever is greater.

21. Each day, Prudential Life deducts a mortality and expense risk charge under the VIP contracts equal, on an annual basis, to 1.20% of the daily value of the contract invested in the variable investment options. During the accumulation phase, Prudential Life deducts an annual contract fee of \$30 if the contract value is less than \$10,000 on the contract anniversary date. Each contract year, the contract owner can withdraw earnings, plus up to 10% of the owner's total contract value without paying a withdrawal charge. With respect to contracts issued in states that impose a premium tax, Prudential Life makes a deduction from the contract value to pay some or all of these taxes. There is a CDSC under the VIP Contracts according to the following schedule:

Contract anniversaries since purchase payment	Withdrawal charge (percent)
0 .....	8
1 .....	7
2 .....	6
3 .....	5
4 .....	4
5 .....	3
6 .....	2
7 .....	1
8 .....	0

22. Prudential proposes to offer eligible owners of Old Contracts the opportunity to exchange their Old Contracts for New Contracts by means of the Exchange Offer. To be eligible for the Exchange Offer, Old Contract owners must not be subject to a CDSC on their contract, have a minimum contract value of \$ 20,000, and not be older than 80 on the date of the exchange. Only Old Contracts held in IRAs and outside any tax-qualified arrangement will be eligible for the Exchange Offer. Pruco Life and PLNJ, as applicable will provide from their general accounts a Credit to each owner of an Old Contract who accepts the offer (equal to either 1.5%, 2%, 2.5%, or 3% as discussed above). The Exchange Offer will provide that, upon acceptance of the offer, a New Contract will be issued

with a contract value equal to the contract value of the Old Contract surrendered in the exchange, increased by the amount of the applicable Credit. Any such Credit will be recaptured if the New Contract is surrendered during the free look period or if the Credit was granted within 12 months prior to death and the death benefit amount is equal to the contract value.

23. After an initial notification of the Exchange Offer to Old Contract owners and contacts made by Prudential's registered representatives, the Exchange Offer will be made by providing eligible owners of Old Contracts who express an interest in learning the details of the offer a prospectus for the New Contracts, accompanied by a letter explaining the offer and a piece of sales literature that compares the applicable contracts. The offering letter will advise owners of an Old Contract that the Exchange Offer is specifically designed for those contract owners who intend to continue to hold their contracts as long-term investment vehicles. The letter will state that the offer is not intended for all contract owners, and that it is especially not appropriate for any contract owner who anticipated surrendering all or a significant part (*i.e.*, more than 10% of purchase payments on an annual basis) of his or her contract before seven years have elapsed. In this regard, the letter will encourage contract owners to carefully evaluate their personal financial situation when deciding whether to accept or reject the Exchange Offer. In addition, the offering letter will explain how an owner of an Old Contract contemplating an exchange may want to decline the offer to avoid the applicable CDSC on the New Contract if more than the annual "free withdrawal amount" is surrendered. In this regard, the offering letter will state in clear plain English that if the New Contract is surrendered during the initial CDSC period, a contract owner may be worse off than if he or she had rejected the Exchange Offer, because the amount of the CDSC will exceed the amount of the New Credits granted.

24. The contract value of an Old Contract ("Exchange Value") together with the New Credit and any additional premium payments submitted with an internal Exchange Application Form for the New Contract will be applied to the New Contract as of the Exchange Date. Because only Old Contract owners who are no longer subject to a CDSC charge will be eligible for the Exchange Offer, no CDSC will be deducted upon the surrender of an Old Contract in connection with an exchange. If a contract owner surrenders his New Contract prior to the completion of the