

SECURITIES AND EXCHANGE COMMISSION

**FORM 485BPOS**

Post-effective amendments [Rule 485(b)]

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**FILER**

**PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE  
ACCOUNT**

CIK: **741313** | IRS No.: **222426091** | State of Incorporation: **NJ** | Fiscal Year End: **1231**  
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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Post-Effective Amendment No. 2 to

FORM S-6

FOR REGISTRATION UNDER THE SECURITIES ACT OF 1933  
OF SECURITIES OF UNIT INVESTMENT TRUSTS REGISTERED  
ON FORM N-8B-2

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PRUCO LIFE OF NEW JERSEY  
VARIABLE APPRECIABLE ACCOUNT  
(Exact Name of Trust)

PRUCO LIFE INSURANCE COMPANY OF NEW JERSEY  
(Name of Depositor)

213 Washington Street  
Newark, New Jersey 07102-2992  
(800) 286-7754

(Address and telephone number of principal executive offices)

-----

Thomas C. Castano  
Assistant Secretary  
Pruco Life Insurance Company of New Jersey  
213 Washington Street  
Newark, New Jersey 07102-2992  
(Name and address of agent for service)

Copy to:  
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Washington, D.C. 20036

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It is proposed that this filing will become effective (check appropriate space):

immediately upon filing pursuant to paragraph (b) of Rule 485

on August 6, 2001 pursuant to paragraph (b) of Rule 485  
(date)

60 days after filing pursuant to paragraph (a) of Rule 485

on \_\_\_\_\_ pursuant to paragraph (a) of Rule 485  
(date)

CROSS REFERENCE SHEET  
(as required by Form N-B-2)

N-B-2 Item Number  
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Location  
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- |     |   |
|-----|---|
| 1.  | Cover Page  |
| 2.  | Cover Page  |
| 3.  | Not Applicable  |
| 4.  | Sale of the Contracts and Sales Commissions   |
| 5.  | Pruco Life of New Jersey Variable Appreciable Account   |
| 6.  | Pruco Life of New Jersey Variable Appreciable Account   |
| 7.  | Not Applicable  |
| 8.  | Not Applicable  |
| 9.  | Litigation and Regulatory Proceedings   |
| 10. | Introduction and Summary; Voting Rights; Charges and Expenses; Short-Term Cancellation Right or "Free Look"; Types of Death Benefit; Changing the Type of Death Benefit; Riders; Premiums; Allocation of Premiums; Transfers; Dollar Cost Averaging; Auto-Rebalancing; How a Contract's Surrender Value Will Vary; How a Type A (Fixed) |

Contract's Death Benefit Will Vary; How a Type B (Variable) Contract's Death Benefit Will Vary; How a Type C (Return of Premium) Contract's Death Benefit Will Vary; Cash Surrender of a Contract; Withdrawals; Lapse and Reinstatement; Decreases in Basic Insurance Amount; When Proceeds are Paid; Contract Loans; Other General Contract Provisions; Substitution of Series Fund Shares

- 11. Introduction and Summary; Pruco Life of New Jersey Variable Appreciable Account
- 12. Cover Page; Introduction and Summary; The Prudential Series Fund, Inc.; Sale of the Contract and Sales Commissions
- 13. Introduction and Summary; The Prudential Series Fund, Inc.; Charges and Expenses; Premiums; Allocation of Premiums; Sale of the Contract and Sales Commissions
- 14. Introduction and Summary; Detailed Information for Prospective Contract Owners
- 15. Introduction and Summary; Premiums; Allocation of Premiums; Transfers; Dollar Cost Averaging; Auto-Rebalancing
- 16. Introduction and Summary; Detailed Information for Contract Owners

N-B-2 Item Number  
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Location  
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- 17. When Proceeds are Paid
- 18. Pruco Life of New Jersey Variable Appreciable Account
- 19. Reports to Contract Owners
- 20. Not Applicable
- 21. Contract Loans
- 22. Not Applicable
- 23. Not Applicable

- 24. Other General Contract Provisions
- 25. Pruco Life Insurance Company of New Jersey
- 26. Introduction and Summary; The Prudential Series Fund, Inc.; Charges and Expenses
- 27. Pruco Life Insurance Company of New Jersey; The Prudential Series Fund, Inc.
- 28. Pruco Life Insurance Company of New Jersey; Directors and Officers
- 29. Pruco Life Insurance Company of New Jersey
- 30. Not Applicable
- 31. Not Applicable
- 32. Not Applicable
- 33. Not Applicable
- 34. Not Applicable
- 35. Pruco Life Insurance Company of New Jersey
- 36. Not Applicable
- 37. Not Applicable
- 38. Sale of the Contract and Sales Commissions
- 39. Sale of the Contract and Sales Commissions
- 40. Not Applicable
- 41. Sale of the Contract and Sales Commissions
- 42. Not Applicable
- 43. Not Applicable

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- 44. Introduction and Summary; The Prudential Series Fund, Inc.; How a Contract's Cash Surrender Value Will Vary; How a Type A (Fixed) Contract's Death

Benefit Will Vary; How a Type B (Variable) Contract's Death Benefit Will Vary; How a Type C (Return of Premium) Contract's Death Benefit Will Vary

- 45. Not Applicable
- 46. Introduction and Summary; Pruco Life of New Jersey Variable Appreciable Account; The Prudential Series Fund, Inc.
- 47. Pruco Life of New Jersey Variable Appreciable Account; The Prudential Series Fund, Inc.
- 48. Not Applicable
- 49. Not Applicable
- 50. Not Applicable
- 51. Not Applicable
- 52. Substitution of Series Fund Shares
- 53. Tax Treatment of Contract Benefits
- 54. Not Applicable
- 55. Not Applicable
- 56. Not Applicable
- 57. Not Applicable
- 58. Not Applicable
- 59. Financial Statements: Financial Statements of the Pruco Life of New Jersey Variable Appreciable Account; Financial Statements of Pruco Life Insurance Company of New Jersey

## PART I

### INFORMATION REQUIRED IN PROSPECTUS

PruLife Custom Premier(SM)

PROSPECTUS

Pruco Life of New Jersey  
Variable Appreciable Account

August 6, 2001

Pruco Life Insurance Company of New Jersey

PROSPECTUS

August 6, 2001

PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

PruLife Custom Premier(SM)

This prospectus describes an individual flexible premium variable universal life insurance contract (the "Contract") offered by Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey," "us," "we," or "our"). Pruco Life of New Jersey is an indirect, wholly-owned subsidiary of The Prudential Insurance Company of America. The Contract provides life insurance coverage with flexible premium payments, a variety of investment options, and three types of death benefit options. The Contract may be issued with a Target Term Rider that could have a significant effect on the performance of your Contract. For the factors to consider when adding a Target Term Rider to your Contract, see Riders, page 20.

You may choose to invest your Contract's premiums and its earnings in one or more of 28 available variable investment options of the Pruco Life of New Jersey Variable Appreciable Account (the "Account"):

The Prudential Series Fund, Inc. (the "Series Fund")

- o Diversified Bond
- o Equity
- o Global
- o High Yield Bond
- o Money Market
- o SP Davis Value
- o SP Deutsche International Equity
- o SP Growth Asset Allocation
- o SP INVESCO Small Company Growth
- o SP Jennison International Growth

- o Prudential Jennison
- o Stock Index
- o SP Aggressive Growth Asset Allocation
- o SP AIM Aggressive Growth
- o SP AIM Growth and Income
- o SP Alliance Large Cap Growth
- o SP Alliance Technology
- o SP Balanced Asset Allocation
- o SP Conservative Asset Allocation
- o SP Large Cap Value
- o SP MFS Capital Opportunities
- o SP MFS Mid-Cap Growth
- o SP PIMCO High Yield
- o SP PIMCO Total Return
- o SP Prudential U.S. Emerging Growth
- o SP Small/Mid Cap Value
- o SP Strategic Partners Focused Growth

Janus Aspen Series  
SP Small/Mid Cap Value

For a complete list of the 28 available variable investment options, their investment objectives, and their investment advisers, see The Funds, page 8.

You may also choose to invest your Contract's premiums and its earnings in the fixed-rate option which pays a guaranteed interest rate. See The Fixed-Rate Option, page 12.

This prospectus describes the Contract generally and the Pruco Life of New Jersey Variable Appreciable Account (the "Account"). The attached prospectuses for the Funds, and their related statements of additional information, describe the investment objectives and the risks of investing in the Fund portfolios. Pruco Life of New Jersey may add additional investment options in the future. Please read this prospectus and keep it for future reference.

The Securities and Exchange Commission ("SEC") maintains a Web site (<http://www.sec.gov>) that contains material incorporated by reference and other information regarding registrants that file electronically with the SEC.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Contract may be purchased through registered representatives located in banks and other financial institutions. An investment in the Contract is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other governmental agency and may lose value. An investment is also not a condition to the provision or term of any banking service or activity. The participating bank is not a registered broker-dealer and is not affiliated with Pruco Securities Corporation.

Pruco Life Insurance Company of New Jersey  
213 Washington Street  
Newark, New Jersey 07102-2992



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#### DEFINITIONS OF SPECIAL TERMS USED IN THIS PROSPECTUS

Accumulated Net Payments -- The actual premium payments you make, accumulated at an effective annual rate of 4%, less any withdrawals you make, also accumulated at an effective annual rate of 4%.

attained age -- The insured's age on the Contract date plus the number of years since then. For any coverage segment effective after the Contract date, the insured's attained age is the issue age of that segment plus the length of time since its effective date.

basic insurance amount -- The amount of life insurance as shown in the Contract. Also referred to as "face amount."

cash surrender value -- The amount payable to the Contract owner upon surrender of the Contract. It is equal to the Contract Fund minus any Contract debt and minus any applicable surrender charge. Also referred to in the Contract as "Net Cash Value."

Contract -- The variable universal life insurance policy described in this prospectus.

Contract anniversary -- The same date as the Contract date in each later year.

Contract date -- The date the Contract is effective, as specified in the Contract.

Contract debt -- The principal amount of all outstanding loans plus any interest accrued thereon.

Contract Fund -- The total amount credited to a specific Contract. On any date it is equal to the sum of the amounts in all the variable investment options and the fixed-rate option, and the principal amount of any Contract debt plus any interest earned thereon.

Contract owner -- You. Unless a different owner is named in the application, the owner of the Contract is the insured.

Contract year -- A year that starts on the Contract date or on a Contract anniversary. For any coverage segment representing an increase, "Contract year" is a year that starts on the effective date of the increase (referred to as "Target year" in the Contract). See Increases in Basic Insurance Amount, page 31.

death benefit -- If the Contract is not in default, this is the amount we will pay upon the death of the insured, assuming no Contract debt.

Death Benefit Guarantee -- Sufficient premium payments, on an accumulated basis, will guarantee that your Contract will not lapse and a death benefit will be paid upon the death of the insured, regardless of investment experience and assuming no loans. See Death Benefit Guarantee, page 24.

fixed-rate option -- An investment option under which interest is accrued daily at a rate that Pruco Life of New Jersey declares periodically, but not less than an effective annual rate of 4%.

Funds -- Mutual funds with separate portfolios. One or more of the available Fund portfolios may be chosen as an underlying investment for the Contract.

Monthly date -- The Contract date and the same date in each subsequent month.

Pruco Life Insurance Company of New Jersey -- Us, we, our, Pruco Life of New Jersey. The company offering the Contract.

separate account -- Amounts under the Contract that are allocated to the variable investment options are held by us in a separate account called the

Pruco Life of New Jersey Variable Appreciable Account (the "Account"). The separate account is set apart from all of the general assets of Pruco Life Insurance Company of New Jersey.

valuation period -- The period of time from one determination of the value of the amount invested in a variable investment option to the next. Such determinations are made when the net asset values of the portfolios of the Funds are calculated, which is generally at 4:00 p.m. Eastern time on each day during which the New York Stock Exchange is open.

variable investment options -- The portfolios of the mutual funds available under this Contract, whose shares are held in the separate account.

you -- The owner of the Contract.

## INTRODUCTION AND SUMMARY

This Summary provides a brief overview of the more significant aspects of the Contract. We provide further detail in the subsequent sections of this prospectus and in the Contract.

### Brief Description of the Contract

The Contract is a form of variable universal life insurance. It is based on a Contract Fund, the value of which changes every day. The chart on the following page describes how the value of your Contract Fund changes.

A broad objective of the Contract is to provide benefits that will increase in value if favorable investment results are achieved. You may invest premiums in one or more of the 28 available variable investment options or in the fixed-rate option. Your Contract Fund value changes every day depending upon the change in the value of the particular investment options you have selected. These Contracts may be issued with a Target Term Rider that could have a significant effect on the performance of your Contract. For the factors to consider when adding a Target Term Rider to your Contract, see Riders, page 20.

Although the value of your Contract Fund will increase if there is favorable investment performance in the variable investment options you select, investment returns in the variable investment options are NOT guaranteed. There is a risk that investment performance will be unfavorable and that the value of your Contract Fund will decrease. The risk will be different, depending upon which investment options you choose. See Which Investment Option Should Be Selected?, page 12. If you select the fixed-rate option, Pruco Life of New Jersey credits

your account with a declared rate of interest but you assume the risk that the rate may change, although it will never be lower than an effective annual rate of 4%. Variable life insurance contracts are unsuitable as short-term savings vehicles.

The replacement of life insurance is generally not in your best interest. In most cases, if you require additional coverage, the benefits of your existing contract can be protected by purchasing additional insurance or a supplemental contract. If you are considering replacing a contract, you should compare the benefits and costs of supplementing your existing contract with the benefits and costs of purchasing the Contract described in this prospectus and you should consult with a qualified tax adviser.

This prospectus may only be offered in jurisdictions in which the offering is lawful. No person is authorized to make any representations in connection with this offering other than those contained in this prospectus and in the prospectuses and statements of additional information for the Funds.

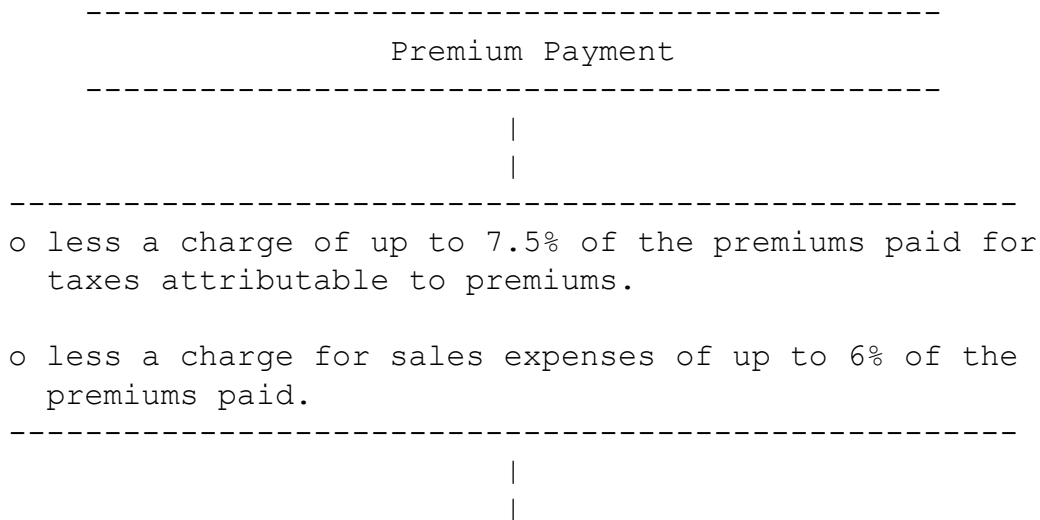
For the DEFINITIONS OF SPECIAL TERMS USED IN THIS PROSPECTUS, see page 1.

#### Charges

The following chart outlines the components of your Contract Fund and the adjustments which may be made including the maximum charges which may be deducted from each premium payment and from the amounts held in the designated investment options. These charges are largely designed to cover insurance costs and risks as well as sales and administrative expenses.

The maximum charges shown in the following chart, as well as the lower current charges, are fully described under Charges and Expenses, page 13.

2



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Invested Premium Amount

To be invested in one or a combination of:

- o 28 investment portfolios of the Funds
- o The fixed-rate option

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Contract Fund

On the Contract Date, the Contract Fund is equal to the invested premium amount minus any of the charges described below which may be due on that date. Thereafter, the value of the Contract Fund changes daily.

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Pruco Life of New Jersey adjusts the Contract Fund for:

- o Addition of any new invested premium amounts.
- o Addition of any increase due to investment results of the chosen variable investment options.
- o Addition of guaranteed interest at an effective annual rate of 4% (plus any excess interest if applicable) on the portion of the Contract Fund allocated to the fixed-rate option.
- o Addition of guaranteed interest at an effective annual rate of 4% on the amount of any Contract loan. (Separately, interest charged on the loan accrues at an effective annual rate of 4.10% or 5%.) See Contract Loans, page 36.
- o Subtraction of any decrease due to investment results of the chosen variable investment options.
- o Subtraction of any amount withdrawn.
- o Subtraction of the charges listed below, as applicable.

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Daily Charges

- o Management fees and expenses are deducted from the Fund assets. See Underlying Portfolio Expenses chart, below.
  - o We deduct a daily mortality and expense risk charge, equivalent to an annual rate of up to 0.45%, from the assets in the variable investment options.
- 

### Monthly Charges

- o We reduce the Contract Fund by a monthly administrative charge of up to \$20 for the first two Contract years, \$10 thereafter; plus an amount of up to \$1.12 per \$1,000 of the basic insurance amount for the first five Contract years, zero thereafter. The amount per \$1,000 varies by sex, issue age and rating class of the insured. See Monthly Deductions from the Contract Fund, page 16.
  - o For each coverage segment representing an increase in basic insurance amount, we will deduct \$12 per segment for the first two years of the coverage segment and zero thereafter; plus an amount of up to \$1.12 per \$1,000 of the coverage segment amount for the first five Contract years and zero thereafter. The amount per \$1,000 varies by the sex, issue age, and rating class of the insured. See Increases in Basic Insurance Amount, page 31 and Monthly Deductions from the Contract Fund, page 16.
  - o In either of the instances described above, the highest charge per thousand is \$1.12 and applies to male and female smoker and non-smoker above age 74 at certain rating classes. The lowest charge per thousand is \$0.03 and applies to female age 0-14, non-smoker at certain rating classes.
  - o We deduct a cost of insurance ("COI") charge.
  - o If the Contract includes riders, we deduct rider charges from the Contract Fund.
  - o If the rating class of an insured results in an extra charge, we will deduct that charge from the Contract Fund.
- 
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### Possible Additional Charges

- o We will deduct a surrender charge if, during the first 10 Contract years (or during the first 10 years of a coverage segment representing an

increase in basic insurance amount), the Contract lapses, is surrendered, or the basic insurance amount is decreased (including as a result of a withdrawal or a death benefit type change). The surrender charge is a percentage of the Surrender Target Premium. The percentage varies by issue age. The duration of the surrender charge also varies by issue age. The maximum first year percentage, which applies to issue ages 0-45, is 90% of the Surrender Target Premium and is reduced annually at a constant rate to zero by the end of the 10th year. For issue ages above age 45, the percentages are reduced. The surrender charge period is shorter for Contracts issued to insureds over age 55. See Surrender Charges, page 17.

- o We will assess an administrative charge of up to \$25 for any withdrawals.
- o We will assess an administrative charge of up to \$25 for each transfer exceeding 12 in any Contract year.
- o We may assess an administrative charge of up to \$25 for any change in basic insurance amount.
- o We may assess an administrative charge of up to \$25 for any change in the Target Term Rider coverage amount. See Riders, page 20.

<TABLE>  
<CAPTION>

Underlying Portfolio Expenses

				Investment	
The Prudential Series Fund, Inc.				Advisory	Other
12b-1	Total Contractual	Total	Actual	Fee	
Expenses	Fees	Expenses	Expenses*		
<S>	<C>	<C>	<C>	<C>	<C>
Diversified Bond Portfolio	N/A	0.45%	0.45%	0.40%	0.05%
Equity Portfolio	N/A	0.49%	0.49%	0.45%	0.04%



Global Portfolio			0.75%	0.10%
N/A	0.85%	0.85%		
High Yield Bond Portfolio			0.55%	0.05%
N/A	0.60%	0.60%		
Money Market Portfolio			0.40%	0.04%
N/A	0.44%	0.44%		
Prudential Jennison Portfolio			0.60%	0.04%
N/A	0.64%	0.64%		
Stock Index Portfolio			0.35%	0.04%
N/A	0.39%	0.39%		
SP Aggressive Growth Asset Allocation Portfolio			0.84%	0.40%
N/A	1.24%	1.04%		
SP AIM Aggressive Growth Portfolio			0.95%	1.29%
N/A	2.24%	1.07%		
SP AIM Growth and Income Portfolio			0.85%	0.87%
N/A	1.72%	1.00%		
SP Alliance Large Cap Growth Portfolio			0.90%	0.37%
N/A	1.27%	1.10%		
SP Alliance Technology Portfolio			1.15%	0.65%
N/A	1.80%	1.30%		
SP Balanced Asset Allocation Portfolio			0.75%	0.33%
N/A	1.08%	0.92%		
SP Conservative Asset Allocation Portfolio			0.71%	0.30%
N/A	1.01%	0.87%		
SP Davis Value Portfolio			0.75%	0.18%

N/A	0.93%	0.83%		
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SP Deutsche International Equity Portfolio			0.90%	0.72%
N/A	1.62%	1.10%		
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SP Growth Asset Allocation Portfolio			0.80%	0.35%
N/A	1.15%	0.97%		
-----				
SP INVESCO Small Company Growth Portfolio			0.95%	1.08%
N/A	2.03%	1.15%		
-----				
SP Jennison International Growth Portfolio			0.85%	0.45%
N/A	1.30%	1.24%		
-----				
SP Large Cap Value Portfolio			0.80%	1.00%
N/A	1.80%	0.90%		
-----				
SP MFS Capital Opportunities Portfolio			0.75%	0.96%
N/A	1.71%	1.00%		
-----				
SP MFS Mid-Cap Growth Portfolio			0.80%	0.63%
N/A	1.43%	1.00%		
-----				
SP PIMCO High Yield Portfolio			0.60%	0.44%
N/A	1.04%	0.82%		
-----				
SP PIMCO Total Return Portfolio			0.60%	0.26%
N/A	0.86%	0.76%		
-----				
SP Prudential U.S. Emerging Growth Portfolio			0.60%	0.47%
N/A	1.07%	0.90%		
-----				
SP Small/Mid Cap Value Portfolio			0.90%	0.51%
N/A	1.41%	1.05%		
-----				
SP Strategic Partners Focused Growth Portfolio			0.90%	0.85%
N/A	1.75%	1.01%		
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0.25%

0.92%

0.92%

Growth Portfolio - Service Shares (1)

&lt;/TABLE&gt;

\* Reflects fee waivers and reimbursement of expenses, if any.

(1) The table reflects expenses based on 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 arrangements.

The expenses relating to the Janus Aspen Series - Growth Portfolio have been provided to Pruco Life of New Jersey by Janus Capital Corporation. Pruco life of New Jersey has not independently verified them.

#### Types of Death Benefit

There are three types of death benefit available. You may choose a Contract with a Type A (fixed) death benefit under which the cash surrender value varies daily with investment experience, and the death benefit generally remains at the basic insurance amount you initially chose. However, the Contract Fund may grow to a point where the death benefit may increase and vary with investment experience. If you choose a Contract with a Type B (variable) death benefit, the cash surrender value and the death benefit both vary with investment experience. For Type A and Type B death

benefits, as long as the Contract is in-force, the death benefit will never be less than the basic insurance amount shown in your Contract. If you choose a Contract with a Type C (return of premium) death benefit, the death benefit is increased by the amount of premiums paid into the Contract, less withdrawals. You may change your Contract's death benefit type after issue, however, if you choose a Type A or Type B death benefit at issue, you will not be able to change to a Type C death benefit thereafter. See Types of Death Benefit, page 19 and Changing the Type of Death Benefit, page 19.

#### Life Insurance Definitional Tests

In order to qualify as life insurance for Federal tax purposes, the Contract must adhere to the definition of life insurance under Section 7702 of the Internal Revenue Code. At issue, the Contract owner chooses one of the following definition of life insurance tests: (1) Cash Value Accumulation Test or (2) Guideline Premium Test. Under the Cash Value Accumulation Test, there is a minimum death benefit to cash value ratio. Under the Guideline Premium Test, there is a limit to the amount of premiums that can be paid into the Contract,

as well as a minimum death benefit to cash value ratio. For more information, see Tax Treatment of Contract Benefits, page 37.

## Premium Payments

The Contract is a flexible premium contract - there are no scheduled premiums. Except for the minimum initial premium, and subject to a minimum of \$25 per subsequent payment, you choose the timing and amount of premium payments. The Contract will remain in-force if the Contract Fund less any applicable surrender charges is greater than zero and more than any Contract debt. Paying insufficient premiums, poor investment results, or the taking of loans or withdrawals from the Contract will increase the possibility that the Contract will lapse. However, if the accumulated premiums you pay are high enough and there is no Contract debt, Pruco Life of New Jersey guarantees that your Contract will not lapse even if investment experience is very unfavorable and the Contract Fund drops below zero. The length of time that the guarantee against lapse is available depends on your Contract's death benefit type and the definition of life insurance test selected at issue. See Premiums, page 22, Death Benefit Guarantee, page 24 and Lapse and Reinstatement, page 31.

We offer and suggest regular billing of premiums even though you decide when to make premium payments and, subject to a \$25 minimum, in what amounts. You should discuss your billing options with your Pruco Life of New Jersey representative when you apply for the Contract. See Premiums, page 22.

## Refund

For a limited time, you may return your Contract for a refund in accordance with the terms of its "Free-Look" provision. See Short-Term Cancellation Right or "Free-Look," page 18.

GENERAL INFORMATION ABOUT PRUCO LIFE INSURANCE COMPANY OF  
NEW JERSEY, THE PRUCO LIFE OF NEW JERSEY VARIABLE  
APPRECIABLE ACCOUNT, AND THE VARIABLE INVESTMENT OPTIONS  
AVAILABLE UNDER THE CONTRACT

## Pruco Life Insurance Company of New Jersey

Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey") is a stock life insurance company, organized in 1982 under the laws of the State of New Jersey. It is licensed to sell life insurance and annuities only in the states of New Jersey and New York. These Contracts are not offered in any state where the necessary approvals have not been obtained. Pruco Life of New Jersey's financial statements begin on page B1 and should be considered only as bearing upon Pruco Life of New Jersey's ability to meet its obligations under the Contracts.

Pruco Life of New Jersey is an indirect, 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 Pruco Life of New Jersey Variable Appreciable Account

We have established a separate account, the Pruco Life of New Jersey Variable Appreciable Account (the "Account") to hold the assets that are associated with the Contracts. The Account was established on January 13, 1984 under New Jersey law and is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940 as a unit investment trust, which is a type of investment company. The Account meets the definition of a "separate account" under the federal securities laws. The Account holds assets that are segregated from all of Pruco Life of New Jersey's other assets.

Pruco Life of New Jersey is the legal owner of the assets in the Account. Pruco Life of New Jersey will maintain assets in the Account with a total market value at least equal to the reserve and other liabilities relating to the variable benefits attributable to the Account. These assets may not be charged with liabilities which arise from any other business Pruco Life of New Jersey conducts. In addition to these assets, the Account's assets may include funds contributed by Pruco Life of New Jersey to commence operation of the Account and may include accumulations of the charges Pruco Life of New Jersey makes against the Account. From time to time these additional assets will be transferred to Pruco Life of New Jersey's general account. Pruco Life of New Jersey will consider any possible adverse impact the transfer might have on the Account before making any such transfer.

The obligations to Contract owners and beneficiaries arising under the Contracts are general corporate obligations of Pruco Life of New Jersey.

Currently, you may invest in one or a combination of 28 available variable investment options. When you choose a variable investment option, we purchase shares of a mutual fund which is held as an investment for that option. We hold these shares in the separate account. Pruco Life of New Jersey may add additional variable investment options in the future. The Account's financial statements begin on page A1.

## The Funds

Listed below are the mutual funds (the "Funds") in which the variable investment options invest, their investment objectives, and investment advisers.

Each of the Funds has a separate prospectus that is provided with this prospectus. You should read the Fund prospectuses before you decide to allocate assets to the variable investment option using that Fund. There is no assurance that the investment objectives of the portfolios will be met.

### The Prudential Series Fund, Inc. (the "Series Fund"):

- o Diversified Bond Portfolio: The investment objective is a high level of income over a longer term while providing reasonable safety of capital. The Portfolio invests primarily in higher grade debt obligations and high quality money market investments.
- o Equity Portfolio: The investment objective is capital appreciation. The Portfolio invests primarily in common stocks of major established corporations as well as smaller companies that offer attractive prospects of appreciation.
- o Global Portfolio: The investment objective is long-term growth of capital. The Portfolio invests primarily in common stocks (and their equivalents) of foreign and U.S. companies.
- o High Yield Bond Portfolio: The investment objective is a high total return. The Portfolio invests primarily in high yield/high risk debt securities.
- o Money Market Portfolio: The investment objective is maximum current income consistent with the stability of capital and the maintenance of liquidity. The Portfolio invests in high quality short-term debt obligations that mature in 13 months or less.
- o Prudential Jennison Portfolio: The investment objective is to achieve

long-term growth of capital. The Portfolio invests primarily in equity securities of major established corporations that offer above-average growth prospects.

- o Stock Index Portfolio: The investment objective is investment results that generally correspond to the performance of publicly-traded common stocks. The Portfolio attempts to duplicate the price and yield performance of the Standard & Poor's 500 Stock Index ("S&P 500").
- o SP Aggressive Growth Asset Allocation Portfolio: The investment objective is capital appreciation. The Portfolio invests primarily in large cap equity portfolios, international portfolios, and small/mid-cap equity portfolios.
- o SP AIM Aggressive Growth Portfolio: The investment objective is to achieve long-term growth of capital. The Portfolio invests primarily in securities of companies whose earnings the portfolio managers expect to grow more than 15% per year.
- o SP AIM Growth and Income Portfolio: The investment objective is growth of capital with a secondary objective of current income. The Portfolio invests primarily 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.
- o SP Alliance Large Cap Growth Portfolio: The investment objective is growth of capital by pursuing aggressive investment policies. The Portfolio invests primarily in equity securities of a limited number of large, carefully selected, high-quality U.S. Companies that are judged likely to achieve superior earnings growth.
- o SP Alliance Technology Portfolio: The investment objective is growth of capital and invests for capital appreciation. 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).
- o SP Balanced Asset Allocation: The investment objective is a balance between current income and growth of capital. The Portfolio invests primarily in fixed income portfolios, large cap equity portfolios, small/mid-cap equity portfolios, and international equity portfolios.

- o SP Conservative Asset Allocation Portfolio: The investment objective is to provide current income with low to moderate capital appreciation. The Portfolio invests primarily in fixed income portfolios, large cap equity portfolios, and small/mid-cap equity portfolios.
- o SP Davis Value Portfolio: The investment objective is growth of capital. The Portfolio invests primarily in common stock of U.S. companies with market capitalizations of at least \$5 billion.
- o SP Deutsche International Equity Portfolio: The investment objective is long-term capital appreciation. The Portfolio invests primarily in the stocks and other securities with equity characteristics of companies in developed countries outside the United States.
- o SP Growth Asset Allocation Portfolio: The investment objective is to provide long-term growth of capital with consideration also given to current income. The Portfolio invests primarily in large-cap equity portfolios, fixed income portfolios, international equity portfolios, and small/mid-cap equity portfolios.
- o SP INVESCO Small Company Growth Portfolio: The investment objective is long-term capital growth. The Portfolio invests primarily in the stocks of small companies with market capitalizations under \$2 billion at the time of purchase.
- o SP Jennison International Growth Portfolio: The investment objective is long-term growth of capital. The Portfolio invests primarily in the common stock of large to medium-sized foreign companies operating or based in at least five different countries.
- o SP Large Cap Value Portfolio: The investment objective is long-term growth of capital. The Portfolio invests at least 65% of its total assets in common stocks of domestic and foreign companies with large market capitalizations (over \$1 billion at the time of investment).
- o SP MFS Capital Opportunities Portfolio: The investment objective is capital appreciation. The Portfolio invests primarily in stocks, convertible securities and depository receipts of companies in both the United States and in foreign countries, which the portfolio managers believe have favorable growth prospects and attractive valuations based on current and expected earnings or cash flow.
- o SP MFS Mid-Cap Growth Portfolio: The investment objective is long-term growth of capital. The Portfolio invests primarily in stocks, convertible securities and depository receipts of companies with medium market



capitalizations, which the Portfolio's portfolio managers believe have above-average growth potential.

- o SP PIMCO High Yield Portfolio: The investment objective is maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio invests in high yield securities and investment grade fixed income instruments.
- o SP PIMCO Total Return Portfolio: The investment objective is to seek maximum total return, consistent with preservation of capital and prudent investment management. The Portfolio invests in a diversified portfolio of fixed income instruments of varying maturities.
- o SP Prudential U.S. Emerging Growth Portfolio: The investment objective is long-term capital appreciation. The Portfolio seeks investments whose price will increase over several years. The Portfolio invests primarily in stocks of small and medium-sized U.S. companies with potential for above-average growth.
- o SP Small/Mid Cap Value Portfolio: The investment objective is long-term growth of capital. The Portfolio invests primarily in common stocks of companies with small to medium market capitalizations.

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- o SP Strategic Partners Focused Growth Portfolio: The investment objective is long-term growth of capital. The Portfolio invests primarily in equity-related securities of U.S. companies that the adviser believes to have strong capital appreciation potential.

Prudential Investments Fund Management LLC ("PIFM"), a wholly-owned subsidiary of Prudential, serves as the overall investment adviser for the Series Fund. PIFM will furnish investment advisory services in connection with the management of the Series Fund portfolios under a "manager-of-managers" approach. Under this structure, PIFM is authorized to select (with approval of the Series Fund's independent directors) one or more sub-advisers to handle the actual day-to-day investment management of each Portfolio. PIFM's business address is 100 Mulberry Street, Gateway Center Three, 14th floor, Newark, New Jersey 07102.

Jennison Associates LLC ("Jennison"), serves as the sole sub-adviser for the Global Portfolio, the Prudential Jennison 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 the Equity Portfolio, and the SP Strategic Partners Focused Growth Portfolio. Jennison's business address is 466 Lexington Avenue, New York, New York 10017.

Prudential Investment Management, Inc. ("PIMI"), also a wholly-owned subsidiary of Prudential, serves as the sole sub-adviser for the Diversified Bond, the High Yield Bond, the Money Market, and the Stock Index Portfolios. PIMI's business address is 751 Broad Street, Newark, New Jersey 07102.

A I M Capital Management, Inc. ("A I M Capital") serves as the sub-adviser to the SP AIM Aggressive Growth Portfolio and SP AIM Growth & Income. A I M Capital's principal business address is 11 Greenway Plaza, Suite 100, Houston, Texas 77046-1173.

Alliance Capital Management, L.P. ("Alliance") serves as the sub-adviser to the SP Alliance Large Cap Growth Portfolio, 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.

Davis Selected Advisers, L.P. ("Davis") serves as the sub-adviser to the SP Davis Value Portfolio. The sub-adviser is located at 2429 East Elvira Road, Suite 101, Tucson, Arizona 85706.

Deutsche Asset Management, Inc. ("Deutsche"), formerly known as Morgan Grenfell, Inc., serves as a sub-adviser to the SP Deutsche International Equity Portfolio. 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. The address of FMR is 82 Devonshire Street, Boston, Massachusetts 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. GEAM's address is 3003 Summer Street, Stamford, Connecticut 06904.

Invesco Funds Group, Inc. ("Invesco") serves as the sub-adviser to the SP Invesco Small Company Growth Portfolio. Invesco's principal business address is 7800 East Union Avenue, Denver, Colorado 80237.

Massachusetts Financial Services Company ("MFS") serves as the sub-adviser for the SP MFS Capital Opportunities Portfolio and the SP MFS Mid-Cap Growth Portfolio. The principal business address for MFS is 500 Boylston Street, Boston, Massachusetts 02116.

Pacific Investment Management Company LLC ("PIMCO") acts as the sub-adviser for the SP PIMCO High Yield Portfolio and the SP PIMCO Total Return Portfolio. PIMCO is a subsidiary of PIMCO Advisors L.P. PIMCO's principal business address is 840 Newport Center Drive, Newport Beach, California 92660.

Salomon Brothers Asset Management, Inc. ("Salomon"), serves as a 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 a 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. Salomon's business address is 7 World Trade Center, 37th Floor, New York, New York 10048.

As an investment adviser, PIFM charges the Series Fund a daily investment management fee as compensation for its services. PIFM pays each sub-adviser out of the fee that PIFM receives from the Series Fund. See Deductions from Portfolios, page 14.

Janus Aspen Series:

- o Growth Portfolio -- Service Shares: Seeks long-term growth of capital in a manner consistent with the preservation of capital.

Janus Capital Corporation is the investment adviser and is responsible for the day-to-day management of the portfolio and other business affairs of the portfolio. Janus Capital Corporation's principal business address is 100 Fillmore Street, Denver, Colorado 80206-4928.

In the future it may become disadvantageous for both variable life insurance and variable annuity contract separate accounts to invest in the same underlying mutual funds. Although neither of the companies that invest in the Funds nor the Funds currently foresees any such disadvantage, the Board of Directors for each Fund intends to monitor events in order to identify any material conflict between variable life insurance and variable annuity contract owners and to determine what action, if any, should be taken. Material conflicts could result from such things as:

- (1) changes in state insurance law;
- (2) changes in federal income tax law;
- (3) changes in the investment management of any portfolio of the Funds; or
- (4) differences between voting instructions given by variable life insurance and variable annuity contract owners.

Pruco Life of New Jersey may be compensated by an affiliate of each of the Funds (other than the Prudential Series Fund) based upon an annual percentage of the average assets held in the Funds by Pruco Life of New Jersey under the Contracts. These percentages vary by Fund, and reflect administrative and other services provided by Pruco Life of New Jersey.

## Voting Rights

As described earlier, all of the assets held in the variable investment options will be invested in shares of the corresponding portfolios of the Funds. Pruco Life of New Jersey is the legal owner of those shares and as such has the right to vote on any matter voted on at shareholders meetings of the Funds. However, Pruco Life of New Jersey will, as required by law, vote the shares of the Funds in accordance with voting instructions received from Contract owners at any regular and special shareholders meetings. A Fund may not hold annual shareholders meetings when not required to do so under the laws of the state of its incorporation or the Investment Company Act of 1940. Fund shares for which no timely instructions from Contract owners are received, and any shares attributable to general account investments of Pruco Life of New Jersey will be voted in the same proportion as shares in the respective portfolios for which instructions are received. Should the applicable federal securities laws or regulations, or their current interpretation, change so as to permit Pruco Life of New Jersey to vote shares of the Funds in its own right, it may elect to do so.

With respect to the Series Fund, matters on which Contract owners may give voting instructions include the following: (1) election of the Board of Directors; (2) ratification of the independent accountant; (3) approval of the investment advisory agreement for a portfolio of the Series Fund corresponding to the Contract owner's selected variable investment option[s]; (4) any change in the fundamental investment policy of a portfolio corresponding to the Contract owner's selected variable investment option[s]; and (5) any other matter requiring a vote of the shareholders. With respect to approval of the investment advisory agreement or any change in a portfolio's fundamental investment policy, Contract owners participating in such portfolios will vote separately on the matter, pursuant to the requirements of Rule 18f-2 under the Investment Company Act of 1940.

The number of Fund shares for which a Contract owner may give instructions is determined by dividing the portion of the value of the Contract derived from participation in a variable investment option, by the value of one share in the corresponding portfolio of the applicable Fund. The number of votes for which each Contract owner may give Pruco Life of New Jersey instructions will be determined as of the record date chosen by the Board of Directors of the applicable Fund. Pruco Life of New Jersey will furnish Contract owners with proper forms and proxies to enable them to give these instructions. Pruco Life of New Jersey reserves the right to modify the manner in which the weight to be

given voting instructions is calculated where such a change is necessary to comply with current federal regulations or interpretations of those regulations.

Pruco Life of New Jersey may, if required by state insurance regulations, disregard voting instructions if they would require shares to be voted so as to cause a change in the sub-classification or investment objectives of one or more of a Fund's portfolios, or to approve or disapprove an investment advisory contract for a Fund. In addition, Pruco Life of New Jersey itself may disregard voting instructions that would require changes in the investment policy or investment adviser of one or more of the Fund's portfolios, provided that Pruco Life of New Jersey reasonably disapproves such changes in accordance with applicable federal regulations. If Pruco Life of New Jersey does disregard voting instructions, it will advise Contract owners of that action and its reasons for such action in the next annual or semi-annual report to Contract owners.

### The Fixed-Rate Option

Because of exemptive and exclusionary provisions, interests in the fixed-rate option under the Contract have not been registered under the Securities Act of 1933 and the general account has not been registered as an investment company under the Investment Company Act of 1940. Accordingly, interests in the fixed-rate option are not subject to the provisions of these Acts, and Pruco Life of New Jersey has been advised that the staff of the SEC has not reviewed the disclosure in this prospectus relating to the fixed-rate option. Any inaccurate or misleading disclosure regarding the fixed-rate option may, however, be subject to certain generally applicable provisions of federal securities laws.

You may choose to invest, either initially or by transfer, all or part of your Contract Fund to a fixed-rate option. This amount becomes part of Pruco Life of New Jersey's general account. The general account consists of all assets owned by Pruco Life of New Jersey other than those in the Account and in other separate accounts that have been or may be established by Pruco Life of New Jersey. Subject to applicable law, Pruco Life of New Jersey has sole discretion over the investment of the general account assets, and Contract owners do not share in the investment experience of those assets. Instead, Pruco Life of New Jersey guarantees that the part of the Contract Fund allocated to the fixed-rate option will accrue interest daily at an effective annual rate that Pruco Life of New Jersey declares periodically, but not less than an effective annual rate of 4%. Pruco Life of New Jersey is not obligated to credit interest at a rate higher than an effective annual rate of 4%, although we may do so.

Transfers from the fixed-rate option are subject to strict limits, see Transfers, page 26. The payment of any cash surrender value attributable to the fixed-rate option may be delayed up to six months. See When Proceeds are Paid, page 33.

Which Investment Option Should Be Selected?

Historically, for investments held over relatively long periods, the investment performance of common stocks has generally been superior to that of short or long-term debt securities, even though common stocks have been subject to much more dramatic changes in value over short periods of time. For example, portfolios such as the Equity, Prudential Jennison, Stock Index, SP AIM Aggressive Growth, and SP Prudential U.S. Emerging Growth may be desirable options if you are willing to accept such volatility in your Contract values. Each equity portfolio involves different policies and investment risks. See The Funds, page 8, for additional equity portfolios available under the Contract and their specific investment objectives.

You may prefer the somewhat greater protection against loss of principal (and reduced chance of high total return) provided by the Diversified Bond Portfolio, the SP PIMCO High Yield Portfolio, and the SP PIMCO Total Return Portfolio. You may want even greater safety of principal and may prefer the Money Market Portfolio or the fixed-rate option, recognizing that the level of short-term rates may change rather rapidly. If you are willing to take risks and possibly achieve a higher total return, you may prefer the High Yield Bond Portfolio, recognizing that the risks are greater for lower quality bonds with normally higher yields.

You may wish to obtain diversification by relying on Prudential's judgment for an appropriate asset mix by choosing the SP Aggressive Growth Asset Allocation Portfolio, the SP Balanced Asset Allocation Portfolio, the SP Conservative Asset Allocation Portfolio, and the SP Growth Asset Allocation Portfolio.

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You may wish to divide your invested premium among two or more of the available options. Your choice should take into account your willingness to accept investment risks, how your other assets are invested, and what investment results you may experience in the future. You should consult your Pruco Life of New Jersey representative from time to time about the choices available to you under the Contract. Pruco Life of New Jersey recommends against frequent transfers among the several options. Experience generally indicates that "market timing" investing, particularly by non-professional investors, is likely to prove unsuccessful.

#### DETAILED INFORMATION FOR PROSPECTIVE CONTRACT OWNERS

##### Charges and Expenses

The total amount invested at any time in the Contract Fund consists of the sum of the amount credited to the variable investment options, the amount allocated to the fixed-rate option, and the principal amount of any Contract loan plus the amount of interest credited to the Contract upon that loan. See Contract Loans, page 36. Most charges, although not all, are made by reducing the Contract Fund.

This section provides a more detailed description of each charge that is described briefly in the chart on page 3.

In several instances we will use the terms "maximum charge" and "current charge." The "maximum charge," in each instance, is the highest charge that Pruco Life of New Jersey is entitled to make under the Contract. The "current charge" is the lower amount that Pruco Life of New Jersey is now charging. If circumstances change, we reserve the right to increase each current charge, up to the maximum charge, without giving any advance notice.

#### Deductions from Premium Payments

- (a) We reserve the right to charge up to 7.5% for taxes attributable to premiums. This charge is measured by or based upon the amount of premium received by Pruco Life of New Jersey. This charge is made up of two parts which currently equal a total of 3.75% of the premiums received.

The first part is a charge for state and local premium taxes. The current amount for this first part is 2.5% of the premium and is Pruco Life of New Jersey's estimate of the average burden of state taxes generally. Tax rates vary from jurisdiction to jurisdiction and generally range from 0% to 5%. The rate applies uniformly to all contract owners without regard to state of residence. Pruco Life of New Jersey may collect more for this charge than it actually pays for state and local premium taxes.

The second part is for federal income taxes measured by premiums, and it is currently equal to 1.25% of premiums. We believe that this charge is a reasonable estimate of an increase in its federal income taxes resulting from a 1990 change in the Internal Revenue Code. It is intended to recover this increased tax.

- (b) We reserve the right to charge up to 6% of premiums paid for sales expenses in all Contract years. This charge, often called a "sales load", is deducted to compensate us for the costs of selling the Contracts, including commissions, advertising and the printing and distribution of prospectuses and sales literature.

Currently, the charge is equal to 4% of premiums paid up to the amount of the Sales Load Target Premium and 2% of premiums paid in excess of this amount for the first 10 Contract years (or the first 10 years of a coverage segment representing an increase in basic insurance amount); 0% thereafter. The Sales Load Target Premium may vary from the Target Premium, depending on the issue age and rating class of the insured, any extra risk charges, or additional riders. For Contracts issued on an unrated insured below age 56, the Sales Load Target Premium is generally equal to what the Target Premium for a Type A Contract would be if the insured was either in the Nonsmoker or Smoker rating class, and there were no extra risk charges or riders on the Contract. For Contracts issued on an unrated insured below age 56 in a more favorable rating class, the Sales Load Target Premium will be greater than the Target Premium, if

there are no extra risk charges or riders on the Contract. For Contracts issued on insureds age 56 or greater or with substandard ratings, the Sales Load Target Premium will generally be less than the Target Premium. See Premiums, page 22.

Paying more than the Sales Load Target Premium in any of the first 10 Contract years could reduce your total sales load. For example, assume that a Contract with no riders or extra insurance charges has a Sales Load

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Target Premium of \$884 and the Contract owner would like to pay 10 premiums. If the Contract owner paid \$1,768 (two times the amount of the Sales Load Target Premium) in every other Contract year up to the ninth year (i.e. in years 1, 3, 5, 7, 9), the total sales load charge would be \$265.20. If the Contract owner paid \$884 in each of the first 10 Contract years, the total sales load would be \$353.60. For additional information, see Increases in Basic Insurance Amount, page 31.

Attempting to structure the timing and amount of premium payments to reduce the potential sales load may increase the risk that your Contract will lapse without value. Delaying the payment of premium amounts to later years will adversely affect the Death Benefit Guarantee if the accumulated premium payments do not reach the Death Benefit Guarantee Values shown on your Contract data pages. See Death Benefit Guarantee, page 24. In addition, there are circumstances where payment of premiums that are too large may cause the Contract to be characterized as a Modified Endowment Contract, which could be significantly disadvantageous. See Tax Treatment of Contract Benefits, page 37.

#### Deductions from Portfolios

An investment advisory fee is deducted daily from each portfolio of the Funds at a rate, on an annualized basis, ranging from 0.35% for the Stock Index Portfolio to 1.15% for the SP Alliance Technology Portfolio. The expenses incurred in conducting the investment operations of the portfolios (such as custodian fees and preparation and distribution of annual reports) are paid out of the portfolio's income. These expenses vary from portfolio to portfolio.

The total expenses of each portfolio for the year ended December 31, 2000, expressed as a percentage of the average assets during the year, are shown below:

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<TABLE>  
<CAPTION>

				Total Portfolio Expenses	
				Investment	
The Prudential Series Fund, Inc.				Advisory	Other
12b-1	Total Contractual	Total	Actual	Fee	
Expenses	Fees	Expenses	Expenses*		
<S>	<C>	<C>	<C>	<C>	<C>
Diversified Bond Portfolio	N/A	0.45%	0.45%	0.40%	0.05%
Equity Portfolio	N/A	0.49%	0.49%	0.45%	0.04%
Global Portfolio	N/A	0.85%	0.85%	0.75%	0.10%
High Yield Bond Portfolio	N/A	0.60%	0.60%	0.55%	0.05%
Money Market Portfolio	N/A	0.44%	0.44%	0.40%	0.04%
Prudential Jennison Portfolio	N/A	0.64%	0.64%	0.60%	0.04%
Stock Index Portfolio	N/A	0.39%	0.39%	0.35%	0.04%
SP Aggressive Growth Asset Allocation Portfolio	N/A	1.24%	1.04%	0.84%	0.40%
SP AIM Aggressive Growth Portfolio	N/A	2.24%	1.07%	0.95%	1.29%

SP AIM Growth and Income Portfolio			0.85%	0.87%
N/A	1.72%	1.00%		
SP Alliance Large Cap Growth Portfolio			0.90%	0.37%
N/A	1.27%	1.10%		
SP Alliance Technology Portfolio			1.15%	0.65%
N/A	1.80%	1.30%		
SP Balanced Asset Allocation Portfolio			0.75%	0.33%
N/A	1.08%	0.92%		
SP Conservative Asset Allocation Portfolio			0.71%	0.30%
N/A	1.01%	0.87%		
SP Davis Value Portfolio			0.75%	0.18%
N/A	0.93%	0.83%		
SP Deutsche International Equity Portfolio			0.90%	0.72%
N/A	1.62%	1.10%		
SP Growth Asset Allocation Portfolio			0.80%	0.35%
N/A	1.15%	0.97%		
SP INVESCO Small Company Growth Portfolio			0.95%	1.08%
N/A	2.03%	1.15%		
SP Jennison International Growth Portfolio			0.85%	0.45%
N/A	1.30%	1.24%		
SP Large Cap Value Portfolio			0.80%	1.00%
N/A	1.80%	0.90%		
SP MFS Capital Opportunities Portfolio			0.75%	0.96%
N/A	1.71%	1.00%		
SP MFS Mid-Cap Growth Portfolio			0.80%	0.63%

N/A	1.43%	1.00%		
-----				
SP PIMCO High Yield Portfolio			0.60%	0.44%
N/A	1.04%	0.82%		
-----				
SP PIMCO Total Return Portfolio			0.60%	0.26%
N/A	0.86%	0.76%		
-----				
SP Prudential U.S. Emerging Growth Portfolio			0.60%	0.47%
N/A	1.07%	0.90%		
-----				
SP Small/Mid Cap Value Portfolio			0.90%	0.51%
N/A	1.41%	1.05%		
-----				
SP Strategic Partners Focused Growth Portfolio			0.90%	0.85%
N/A	1.75%	1.01%		
-----				
Janus Aspen Series			0.65%	0.02%
0.25%	0.92%	0.92%		
Growth Portfolio - Service Shares (1)				
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</TABLE>

\* Reflects fee waivers and reimbursement of expenses, if any.

(1) The table reflects expenses based on 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 arrangements.

The expenses relating to the Janus Aspen Series - Growth Portfolio have been provided to Pruco Life of New Jersey by Janus Capital Corporation. Pruco Life of New Jersey has not independently verified them.

#### Daily Deduction from the Contract Fund

Each day we deduct a charge from the assets of each of the variable investment options in an amount equivalent to an effective annual rate of up to 0.45%. Currently, we charge 0.25%. This charge is intended to compensate Pruco Life of New Jersey for assuming mortality and expense risks under the Contract. The mortality risk assumed is that insureds may live for shorter periods of time than Pruco Life of New Jersey estimated when it determined what

mortality charge to make. The expense risk assumed is that expenses incurred in issuing and administering the Contract will be greater than Pruco Life of New Jersey estimated in fixing its administrative charges. This charge is not assessed against amounts allocated to the fixed-rate option.

#### Monthly Deductions from the Contract Fund

Pruco Life of New Jersey deducts the following monthly charges proportionately from the dollar amounts held in each of the chosen investment option[s] or you may select up to two variable investment options from which we deduct your Contract's monthly charges. See Allocated Charges, page 18.

- (a) An administrative charge based on the basic insurance amount is deducted. The charge is intended to compensate us for things like processing claims, keeping records, and communicating with Contract owners. Currently, the first part of the charge is equal to \$20 per Contract for the first two Contract years and \$8 per Contract thereafter. Pruco Life of New Jersey reserves the right, however, to charge up to \$20 per Contract for the first two Contract years and \$10 per Contract thereafter. The second part of this charge is equal to an amount up to \$1.12 per \$1,000 of the basic insurance amount for the first five Contract years and zero thereafter. The amount per \$1,000 varies by sex, issue age, and rating class of the insured.

If the Contract includes a coverage segment representing an increase in basic insurance amount, we will deduct \$12 per segment for the first two years of the coverage segment and zero thereafter; plus an amount up to \$1.12 per \$1,000 of the coverage segment for the first five Contract years and zero thereafter. The amount per \$1,000 varies by sex, issue age, and rating class of the insured.

In either of the instances described above, the highest charge per thousand is \$1.12 and applies to male and female smoker and non-smoker above age 74 at certain rating classes. The lowest charge per thousand is \$0.03 and applies to female age 0-14, non-smoker at certain rating classes. The amount of the charge that applies to a particular Contract is shown on the Contract Data pages under the heading "Adjustments to the Contract Fund."

The following table provides sample per thousand charges:

Issue Age	Male Non-Smoker	Male Smoker	Female Non-Smoker	Female Smoker
35	\$0.14	\$0.23	\$0.12	\$0.16
45	\$0.24	\$0.34	\$0.19	\$0.28

55	\$0.40	\$0.45	\$0.31	\$0.42
65	\$0.67	\$0.76	\$0.53	\$0.70

- (b) A cost of insurance ("COI") charge is deducted. When an insured dies, the amount payable to the beneficiary (assuming there is no Contract debt) is larger than the Contract Fund - significantly larger if the insured dies in the early years of a Contract. The cost of insurance charges collected from all Contract owners enables Pruco Life of New Jersey to pay this larger death benefit. The maximum COI charge is determined by multiplying the "net amount at risk" under a Contract (the amount by which the Contract's death benefit exceeds the Contract Fund) by maximum COI rates. The maximum COI rates are based upon the 1980 Commissioners Standard Ordinary ("CSO") Tables and an insured's current attained age, sex (except where unisex rates apply), smoker/non-smoker status, and extra rating class, if any. At most ages, Pruco Life of New Jersey's current COI rates are lower than the maximum rates. For additional information, see Increases in Basic Insurance Amount, page 31.
- (c) You may add one or more of several riders to the Contract. Some riders are charged for separately. If you add such a rider to the basic Contract, additional charges will be deducted. See Riders, page 20.
- (d) If an insured is in a substandard risk classification (for example, a person in a hazardous occupation), additional charges will be deducted.
- (e) A charge may be deducted to cover federal, state or local taxes (other than "taxes attributable to premiums" described above) that are imposed upon the operations of the Account. At present no such taxes are imposed and no charge is made.

The earnings of the Account are taxed as part of the operations of Pruco Life of New Jersey. Currently, no charge is being made to the Account for Pruco Life of New Jersey's federal income taxes, other than the 1.25% charge for federal income taxes measured by premiums. See Deductions from Premium Payments, page 13. Pruco Life of New Jersey periodically reviews the question of a charge to the Account for Company federal income taxes. We may make such a charge in the future for any federal income taxes that would be attributable to the Contracts.

### Surrender Charges

We will deduct a surrender charge if, during the first 10 Contract years (or during the first 10 years of a coverage segment representing an increase in basic insurance amount), the Contract lapses, is surrendered, or the basic insurance amount is decreased (including as a result of a withdrawal or a death

benefit type change). The surrender charge is a percentage of the Surrender Target Premium. The percentage varies by issue age. The Surrender Target Premium is equal to the Sales Load Target Premium at the time the policy (or coverage) is issued less premiums for riders or extras. The duration of the surrender charge also varies by issue age. For all issue ages 0-45, the maximum first year percentage is 90% of the Surrender Target Premium, and is reduced annually at a constant rate to zero by the end of the 10th year.

The chart below shows the maximum percentages for all ages at the beginning of the first Contract year, the rate at which the percentages is reduced annually, and the end of the last Contract year for which a surrender charge is shown. The surrender charge is not deducted from the death benefit if the insured should die during this period. This charge is deducted to cover sales and administrative costs, such as: the cost of processing applications, conducting examinations, determining insurability and the insured's rating class, and establishing records. A schedule showing the maximum surrender charges for a full surrender occurring during each year for which a surrender charge may be payable is found in the Contract Data pages of the Contract.

Issue Age	Percentage at start of year 1	Reduction in percentage points each year	To the end of year
0-45	90.0%	9.00%	10
46	87.0%	8.70%	10
47	84.0%	8.40%	10
48	81.0%	8.10%	10
49	78.0%	7.80%	10
50	75.0%	7.50%	10
51	72.0%	7.20%	10
52	69.0%	6.90%	10
53	66.0%	6.60%	10
54	63.0%	6.30%	10
55	60.0%	6.00%	10
56	57.5%	6.39%	9
57	55.0%	6.87%	8

58	52.5%	6.56%	8
59	50.0%	7.14%	7
60	47.5%	6.79%	7
61	45.0%	7.50%	6
62	42.5%	7.08%	6
63	40.0%	8.00%	5
64	37.5%	9.37%	4
65	35.0%	8.75%	4
66	34.0%	8.50%	4
67	33.5%	8.37%	4
68	33.0%	8.25%	4
69	32.5%	10.83%	3
70	32.0%	10.67%	3
71	31.5%	10.50%	3
72	31.0%	10.33%	3
73	30.5%	10.17%	3
74 and above	30.0%	10.00%	3

We will show a surrender charge threshold for each coverage segment in the Contract data pages. This threshold amount is the segment's lowest coverage amount since its effective date. If during the first 10 Contract years (or during the first 10 years of a coverage segment representing an increase in basic insurance amount), the basic insurance amount is decreased (including as a result of a withdrawal or a change in type of death benefit), and the new basic insurance amount for any coverage segment is below the threshold for that segment, we will deduct a percentage of the surrender charge for that segment. The percentage will be the amount by which the new coverage segment is less than the threshold, divided by the threshold. After this transaction, the threshold will be updated and a corresponding new surrender charge schedule will also be determined to reflect that portion of surrender charges deducted in the past. See *Increases in Basic Insurance Amount*, page 31 and *Decreases in Basic Insurance Amount*, page 32.

## Transaction Charges

- (a) We currently charge an administrative processing fee equal to the lesser of \$25 or 2% of the withdrawal amount in connection with each withdrawal.
- (b) We currently charge an administrative processing fee of \$25 for each transfer exceeding 12 in any Contract year.
- (c) We may charge an administrative processing fee of up to \$25 for any change in basic insurance amount.
- (d) We may charge an administrative processing fee of up to \$25 for any change in the Target Term Rider coverage amount for Contracts with this rider.

## Charges After Age 100

Beginning on the contract anniversary when the insured reaches attained age 100, premiums will no longer be accepted and monthly charges will no longer be deducted from the Contract Fund. You may continue the contract until the insured's death, or until you surrender the contract for its cash surrender value. You may continue to make transfers, loans and withdrawals, subject to the limitations on these transactions described elsewhere. If you have any amounts allocated to the variable investment options, mortality and expense risk charges and investment advisory fees will continue to be deducted daily. Any outstanding loan will remain on the policy, unless repaid, and will continue to accrue interest.

## Allocated Charges

You may choose from which variable investment option(s) we deduct your Contract's monthly charges. Monthly charges include: (1) monthly administrative charges, (2) COI charges, (3) any rider charges, and (4) any charge for substandard risk classification. You may select up to two variable investment options for the allocation of monthly charges. Allocations must be designated in whole percentages. For example, 33% can be selected but 33 1/3% cannot. Of course, the total allocation to the selected variable investment options must equal 100%. The fixed-rate option is not available as an allocation option. See Monthly Deductions from the Contract Fund, page 16.

If there are insufficient funds in one or both of the selected variable investment options to cover the monthly charges, the selected variable investment option(s) will be reduced to zero. Any remaining charge will be deducted from all other variable investment options and the fixed-rate option proportionately to the dollar amount in each. Furthermore, if you do not specify an allocation of monthly charges, we will deduct monthly charges proportionately from your variable investment options and the fixed-rate option.



## Requirements for Issuance of a Contract

The Contract may generally be issued on insureds through age 90. Currently, the minimum face amount for Contracts without a Target Term Rider is \$75,000 (\$50,000 for insureds below the age of 18, \$100,000 for insureds ages 76-80, and \$250,000 for insureds ages 81 and above). The minimum face amount for Contracts issued with a Type C (return of premium) death benefit is \$250,000. See Types of Death Benefit, page 19.

For Contracts with a Target Term Rider, the minimum total face amount (basic insurance amount plus any Target Term Rider coverage amount combined) is \$250,000. Furthermore, if the Target Term Rider is added to the Contract, the minimum face amount of the base Contract is \$100,000, while the minimum rider coverage amount is \$5,000. See Riders, page 20. Pruco Life of New Jersey may change the minimum face amounts of the Contracts it will issue.

Pruco Life of New Jersey requires evidence of insurability, which may include a medical examination, before issuing any Contract. Non-smokers are offered the most favorable cost of insurance rates. We charge a higher cost of insurance rate and/or an additional amount if an extra mortality risk is involved. These are the current underwriting requirements. We reserve the right to change them on a non-discriminatory basis.

## Short-Term Cancellation Right or "Free-Look"

Generally, you may return the Contract for a refund within 10 days after you receive it. Some states allow a longer period of time during which a Contract may be returned for a refund. You can request a refund by mailing or delivering the Contract to the representative who sold it or to the Home Office specified in the Contract. A Contract returned according to this provision shall be deemed void from the beginning. You will then receive a refund of all premium payments made, with no adjustment for investment experience. However, if applicable law so requires and you exercise your short-term cancellation right, you will receive a refund of all premium payments made, plus or minus any change due to investment experience. For information on how premium payments are allocated during the "free-look" period, see Allocation of Premiums, page 23.

## Types of Death Benefit

You may select either of three types of death benefit at issue. Generally, a Contract with a Type A (fixed) death benefit has a death benefit equal to the basic insurance amount. This type of death benefit does not vary with the investment performance of the investment options you selected, except in certain circumstances. See How a Type A (Fixed) Contract's Death Benefit Will Vary, page 27. The payment of additional premiums and favorable investment results of the variable investment options to which the assets are allocated will generally increase the cash surrender value. See How a Contract's Cash Surrender Value

Will Vary, page 27.

A Contract with a Type B (variable) death benefit has a death benefit which will generally equal the basic insurance amount plus the Contract Fund. Since the Contract Fund is a part of the death benefit, favorable investment performance and payment of additional premiums generally result in an increase in the death benefit as well as in the cash surrender value. Over time, however, the increase in the cash surrender value will be less than under a Type A (fixed) Contract. This is because, given two Contracts with the same basic insurance amount and equal Contract Funds, generally the cost of insurance charge for a Type B (variable) Contract will be greater. See How a Contract's Cash Surrender Value Will Vary, page 27 and How a Type B (Variable) Contract's Death Benefit Will Vary, page 28. Unfavorable investment performance will result in decreases in the death benefit and in the cash surrender value. But, as long as the Contract is not in default, the death benefit may not fall below the basic insurance amount stated in the Contract.

A Contract with a Type C (return of premium) death benefit has a death benefit which will generally equal the basic insurance amount plus the total premiums paid into the Contract, less withdrawals. This death benefit allows the Contract owner, in effect, to recover the cost of the Contract upon the death of the insured. Under certain circumstances, it is possible for a Type C Contract's death benefit to fall below the basic insurance amount. Favorable investment performance and payment of additional premiums will generally increase the Contract's cash value. Over time, however, the increase in cash value will be less than under a Type A (fixed) Contract. See How a Contract's Surrender Value Will Vary, page 27 and How a Type C (Return of Premium) Contract's Death Benefit Will Vary, page 29.

In choosing a death benefit type, you should also consider whether you intend to use the withdrawal feature. Contract owners of Type A (fixed) Contracts should note that any withdrawal may result in a reduction of the basic insurance amount and the deduction of any applicable surrender charges. We will not allow you to make a withdrawal that will decrease the basic insurance amount below the minimum basic insurance amount. For Type B (variable) and Type C (return of premium) Contracts, withdrawals will not change the basic insurance amount. See Withdrawals, page 30.

#### Changing the Type of Death Benefit

You may change the type of death benefit any time after issue and subject to Pruco Life of New Jersey's approval. We will increase or decrease the basic insurance amount so that the death benefit immediately after the change matches the death benefit immediately before the change. The basic insurance amount after a change may not be lower than the minimum basic insurance amount applicable to the Contract. See Requirements for Issuance of a Contract, page 18. We reserve the right to make an administrative processing charge of up to \$25 for any change in the basic insurance amount, although we do not currently do so. A type change that reduces the basic insurance amount may result in the assessment of surrender charges. See Charges and Expenses, page 13. Furthermore, if you choose a Type A or Type B death benefit at issue, you will NOT be able to

change to a Type C death benefit after issue.

If you are changing your Contract's type of death benefit from a Type A (fixed) to a Type B (variable) death benefit, we will reduce the basic insurance amount by the amount in your Contract Fund on the date the change takes place.

If you are changing from a Type A (fixed) to a Type C (return of premium) death benefit, we will change the basic insurance amount by subtracting the total premiums paid on this Contract minus total withdrawals on the date the change takes effect. This change is only available to Contracts which were issued with a Type C death benefit and subsequently changed to a Type A death benefit.

If you are changing from a Type B (variable) to a Type A (fixed) death benefit, we will increase the basic insurance amount by the amount in your Contract Fund on the date the change takes place.

If you are changing from a Type B (variable) to a Type C (return of premium) death benefit, we first find the difference between: (1) the amount in your Contract Fund and (2) the total premiums paid on this Contract minus total withdrawals, determined on the date the change takes effect. If (1) is larger than (2), we will increase the basic insurance amount by that difference. If (2) is larger than (1), we will reduce the basic insurance amount by that difference. This change is only available to Contracts which were issued with a Type C death benefit and subsequently changed to a Type B death benefit.

If you are changing from a Type C (return of premium) to a Type A (fixed) death benefit, we will change the basic insurance amount by adding the total premiums paid minus total withdrawals to this Contract on the date the change takes place.

If you are changing from a Type C (return of premium) to a Type B (variable) death benefit, we first find the difference between: (1) the amount in your Contract Fund and (2) the total premiums paid on this Contract minus total withdrawals, determined on the date the change takes effect. If (2) is larger than (1), we will increase the basic insurance amount by that difference. If (1) is larger than (2), we will reduce the basic insurance amount by that difference.

The following chart illustrates the changes in basic insurance amount with each change of death benefit type described above. The chart assumes a \$50,000 Contract Fund and a \$300,000 death benefit. For changes to and from a Type C death benefit, the chart assumes \$40,000 in total premiums minus total withdrawals.

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Basic Insurance Amount

FROM		TO	
Type A \$300,000	Type B \$250,000	Type C \$260,000	
Type B \$250,000	Type A \$300,000	Type C \$260,000	
Type C \$260,000	Type A \$300,000	Type B \$250,000	

To request a change, fill out an application for change which can be obtained from your Pruco Life of New Jersey representative or a Home Office. If the change is approved, we will recompute the Contract's charges and appropriate tables and send you new Contract data pages. We may require you to send us your Contract before making the change.

Riders

Contract owners may be able to obtain extra fixed benefits which may require an additional premium. These optional insurance benefits will be described in what is known as a "rider" to the Contract. Charges applicable to the riders will be deducted from the Contract Fund on each Monthly date. The amounts of these benefits do not depend on the performance of the Account, although they will no longer be available if the Contract lapses. Certain restrictions may apply and are clearly described in the applicable rider. Your Pruco Life of New Jersey representative can explain all of

these extra benefits further. Also, samples of the provisions are available from Pruco Life of New Jersey upon written request.

Enhanced Disability Benefit -- The Enhanced Disability Benefit pays certain amounts into the Contract if the insured is totally disabled, as defined in the benefit provision.

Accidental Death Benefit -- The Accidental Death Benefit provides an additional death benefit that is payable if the insured's death is accidental, as defined in the benefit provision.

Children Level Term Rider -- The Children Level Term Rider provides term life insurance coverage on the life of the insured's children.

Target Term Rider -- The Target Term Rider provides a flexible term insurance benefit to attained age 100 on the life of the insured. You specify the amount of term rider coverage you desire, up to four times the base Contract's basic

insurance amount. This amount is called the rider coverage amount and is the maximum death benefit payable under the rider. After issue, while the rider is in-force, you may increase the rider coverage amount subject to a minimum increase amount of \$25,000 and the underwriting requirements determined by Pruco Life of New Jersey. The rider coverage amount after the increase cannot exceed four times the base Contract's basic insurance amount. You may also decrease your rider coverage amount after issue, subject to a minimum decrease amount of \$10,000.

The Rider death benefit fluctuates as the base Contract's death benefit changes. When the Contract Fund has not grown to the point where the base Contract's death benefit is increased to satisfy the Internal Revenue Code's definition of life insurance, the rider death benefit equals the rider coverage amount. However, if the Contract Fund has grown to the point where the base Contract's death benefit begins to vary as required by the Internal Revenue Code's definition of life insurance, the rider's death benefit will decrease (or increase) dollar for dollar as the base Contract's death benefit increases (or decreases). The rider death benefit will never increase beyond the rider coverage amount. It is possible, however, for the Contract Fund and, consequently, the base Contract's death benefit to grow to the point where the rider death benefit is reduced to zero.

[THE FOLLOWING TABLE WAS REPRESENTED BY A LINE GRAPH IN THE PRINTED MATERIAL.]

Policy Year	Base Policy Death Benefit	Target Death Benefit
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1	\$ 500,000	\$500,000
2	\$ 500,000	\$500,000
3	\$ 500,000	\$500,000
4	\$ 500,000	\$500,000
5	\$ 500,000	\$500,000
6	\$ 500,000	\$500,000
7	\$ 500,000	\$500,000
8	\$ 500,000	\$500,000
9	\$ 500,000	\$500,000
10	\$ 550,000	\$450,000
11	\$ 605,000	\$395,000
12	\$ 665,500	\$334,500
13	\$ 732,050	\$267,950
14	\$ 805,255	\$194,745
15	\$ 885,781	\$114,220
16	\$1,000,000	\$ --
17	\$1,100,000	\$ --
18	\$1,210,000	\$ --
19	\$1,331,000	\$ --
20	\$1,464,100	\$ --

You should consider the following factors when purchasing a Contract with a Target Term Rider:

- o A Contract with a Target Term Rider will offer higher cash values and death

benefits than an all base policy with the same death benefit if Pruco Life of New Jersey does not change its current charges. This is because: (1) the Sales Load Target Premium will be lower for a Contract with a Target Term Rider than for an all base policy with the same death benefit and this may result in lower current sales expense charges, (2) the monthly administrative charge will also be lower for a Contract with a Target Term Rider than for an all base policy with the same death benefit, and (3) we currently take lower current Cost of Insurance charges under the Target Term Rider.

- o However, a Contract with a Target Term Rider offers the potential for lower cash values and death benefits than an all base policy with the same death benefit if Pruco Life of New Jersey raises its current charges to the maximum contractual level. This is because guaranteed maximum charges under the Contract and Target Term

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Rider are the same except for the per \$1,000 of insurance portion of the monthly administrative charge which extends for 10 years on the rider and only five years on the base Contract. The surrender charge does not apply to the Target Term Rider.

Other factors to consider are:

- o The length of the Death Benefit Guarantee available on Contracts with a Target Term Rider is limited to five years. If it is important to you to have a Death Benefit Guarantee period longer than five years, you may want to purchase a Contract without a Target Term Rider. See Death Benefit Guarantee, page 24.
- o The Enhanced Disability Benefit, as described above, is unavailable on Contracts with a Target Term Rider. If it is important to you to have the Enhanced Disability Benefit, you may want to purchase a Contract without a Target Term Rider.
- o The Accidental Death Benefit, as described above, does not apply to any portion of the death benefit that is attributable to a Target Term Rider. If it is important to you to have the maximum amount of Accidental Death Benefit allowed under your Contract, you may want to purchase a Contract without a Target Term Rider.
- o The Living Needs Benefit does not apply to the portion of the death benefit that is attributable to a Target Term Rider. If it is important to you that the Living Needs Benefit applies to the entire death benefit, you may want to purchase a Contract without a Target Term Rider. See Living Needs Benefit, page 33.
- o The rider coverage amount terminates at the insured's age 100. If it is

important to you that no coverage amount then in effect terminates at the insured's attained age 100, you may want to purchase a contract without a Target Term Rider.

Some of the factors outlined above can have effects on the financial performance of a Contract, including the amount of the Contract's cash value and death benefit. It is important that you ask your Pruco Life of New Jersey representative to provide illustrations based on different combinations of base Contract basic insurance amount and rider coverage amount. You can then discuss with your Pruco Life of New Jersey representative how these combinations may address your objectives.

#### Contract Date

When the first premium payment is paid with the application for a Contract, the Contract date will ordinarily be the later of the application date or the medical examination date. If the first premium is not paid with the application, the Contract date will be the date on which the first premium is paid and the Contract is delivered. Under certain circumstances, we may allow the Contract to be backdated for the purpose of lowering the insured's issue age, but only to a date not earlier than six months prior to the application date. This may be advantageous for some Contract owners as a lower issue age may result in lower current charges. For a Contract that is backdated, we will credit the initial premium as of the date of receipt and will deduct any charges due on or before that date.

#### Premiums

The Contract is a flexible premium contract. The minimum initial premium is due on or before the Contract date. It is the premium needed to start the Contract. There is no insurance under the Contract unless the minimum initial premium is paid. Thereafter, you decide when to make premium payments and, subject to a \$25 minimum, in what amounts (the minimum premium payment is \$15 for premiums made by electronic fund transfer).

We may require an additional premium if adjustments to premium payments exceed the minimum initial premium or there are Contract Fund charges due on or before the payment date. We reserve the right to refuse to accept any payment that increases the death benefit by more than it increases the Contract Fund. See How a Type A (Fixed) Contract's Death Benefit Will Vary, page 27, How a Type B (Variable) Contract's Death Benefit Will Vary, page 28, and How a Type C (Return of Premium) Contract's Death Benefit Will Vary, page 29. Furthermore, there are circumstances under which the payment of premiums in amounts that are too large may cause the Contract to be characterized as a Modified Endowment Contract, which could be significantly disadvantageous. See Tax Treatment of Contract Benefits, page 37.

Once the minimum initial premium payment is made, there are no required premiums. However, there are several types of premiums which are described below. Understanding them may help you understand how the Contract works.

Target Premiums are premiums that, if paid at the beginning of each Contract year, will keep the Contract in-force until the insured's age 65, or if later, during the first 10 Contract years, regardless of investment performance and assuming no loans or withdrawals (not applicable to Contracts with the Target Term Rider). If you choose to continue the Death Benefit Guarantee beyond this period, you will have to begin paying premiums substantially higher than the Target Premium. However, not all Contracts offer the Death Benefit Guarantee beyond this period. The length of the Death Benefit Guarantee available to you depends on your Contract's death benefit type, the definition of life insurance test selected at issue, and whether the Target Term Rider is on the Contract. See Death Benefit Guarantee, page 24. When you purchase a Contract, your Pruco Life of New Jersey representative can tell you the amount[s] of the Target Premium. For a Contract with no riders or extra risk charges, these premiums will be level.

It is possible, in some instances, to pay a premium lower than the Target Premium; the Short-Term Premium. These Short-Term Premiums, if paid at the beginning of each Contract year, will keep the Contract in-force during the first five Contract years, regardless of investment performance and assuming no loans or withdrawals. To continue the Death Benefit Guarantee beyond this period, you will have to begin paying premiums higher than the Short-Term Premium. However, not all Contracts offer the Death Benefit Guarantee beyond five Contract years. The length of the Death Benefit Guarantee available to you depends on your Contract's death benefit type, the definition of life insurance test selected at issue, and whether the Target Term Rider is on the Contract. See Death Benefit Guarantee, page 24. When you purchase a Contract, your Pruco Life of New Jersey representative can tell you the amount[s] of the Short-Term Premium. As is the case with the Target Premium, for a Contract with no riders or extra risk charges, these premiums will be level.

Lifetime Premiums are the premiums that, if paid at the beginning of each Contract year, will keep the Contract in-force during the lifetime of the insured, regardless of investment performance and assuming no loans or withdrawals (not applicable to all Contracts). See Death Benefit Guarantee, page 24. As is the case with the Target Premium, for a Contract with no riders or extra risk charges, these premiums will be level. When you purchase a Contract, your Pruco Life of New Jersey representative can tell you the amount[s] of the Lifetime Premium.

We can bill you for the amount you select annually, semi-annually, or quarterly. Because the Contract is a flexible premium contract, there are no scheduled premium due dates. When you receive a premium notice, you are not required to pay this amount. The Contract will remain in-force if: (1) the Contract Fund, less any applicable surrender charges, is greater than zero and more than any



Contract debt or (2) you have paid sufficient premiums, on an accumulated basis, to meet the Death Benefit Guarantee conditions and Contract debt is not equal to or greater than the Contract Fund, less any applicable surrender charges. You may also pay premiums automatically through pre-authorized monthly electronic fund transfers from a bank checking account. If you elect to use this feature, you choose the day of the month on which premiums will be paid and the amount of the premiums paid. When you apply for the Contract, you should discuss with your Pruco Life of New Jersey representative how frequently you would like to be billed (if at all) and for what amount.

#### Allocation of Premiums

On the Contract date: (1) we deduct the charge for sales expenses and the charge for taxes attributable to premiums from the initial premium; (2) we allocate the remainder of the initial premium and any other premium received during the short-term cancellation right ("free-look") period to the Money Market investment option; and (3) the first monthly deductions are made. At the end of the "free-look" period, these funds will be transferred out of the Money Market investment option and allocated among the variable investment options and/or the fixed-rate option according to your most current allocation request. See Short-Term Cancellation Right or "Free-Look," page 19. The transfer from the Money Market investment option immediately following the "free-look" period will not be counted as one of your 12 free transfers described under Transfers, page 26. If the first premium is received before the Contract date, there will be a period during which the Contract owner's initial premium will not be invested.

The charge for sales expenses and the charge for taxes attributable to premiums also apply to all subsequent premium payments. The remainder will be invested as of the end of the valuation period in which it is received at a Home

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Office, in accordance with the allocation you previously designated. Provided the Contract is not in default, you may change the way in which subsequent premiums are allocated by giving written notice to a Home Office or by telephoning a Home Office, provided you are enrolled to use the Telephone Transfer System. There is no charge for reallocating future premiums. All percentage allocations must be in whole numbers. For example, 33% can be selected but 33 1/3% cannot. Of course, the total allocation to all selected investment options must equal 100%.

#### Death Benefit Guarantee

Although you decide what premium amounts you wish to pay, sufficient premium payments, on an accumulated basis, will guarantee that your Contract will not lapse and a death benefit will be paid upon the death of the insured. This will be true even if, because of unfavorable investment experience, your Contract Fund value drops to zero. Withdrawals may adversely affect the status of the guarantee. Likewise, a Contract loan will negate any guarantee. See Withdrawals,

page 30, and Contract Loans, page 36. You should consider how important the Death Benefit Guarantee is to you when deciding what premium amounts to pay into the Contract.

At the Contract date and on each Monthly date, during the Death Benefit Guarantee period shown on your Contract data pages, we calculate your Contract's "Accumulated Net Payments" as of that date. Accumulated Net Payments equal the premiums you paid, accumulated at an effective annual rate of 4%, less withdrawals also accumulated at 4%.

We also calculate Death Benefit Guarantee Values. These are values used solely to determine if a Death Benefit Guarantee is in effect. These are not cash values that you can realize by surrendering the Contract, nor are they payable death benefits. Your Contract data pages contain a table of Death Benefit Guarantee Values, calculated as of Contract anniversaries. Values for non-anniversary Monthly dates will reflect the number of months elapsed between Contract anniversaries.

At each Monthly date, during the Death Benefit Guarantee period shown on your Contract data pages, we will compare your Accumulated Net Payments to the Death Benefit Guarantee Value as of that date. If your Accumulated Net Payments equal or exceed the Death Benefit Guarantee Value and Contract debt does not equal or exceed the Contract Fund less any applicable surrender charges, then the Contract is kept in-force, regardless of the amount in the Contract Fund.

Short-Term, Target, and Lifetime Premiums are payments which correspond to the Death Benefit Guarantee Values shown on your Contract data pages. For example, payment of the Short-Term Premium at the beginning of each Contract year guarantees that your Contract will not lapse during the first five Contract years, assuming no loans or withdrawals. However, payment of the Short-Term Premium after year five will not assure that your Contract's Accumulated Net Payments will continue to meet the Death Benefit Guarantee Values. See Premiums, page 22.

If you want a Death Benefit Guarantee to last longer than five years, you should expect to pay at least the Target Premium at the start of each Contract year. Paying the Target Premium at the beginning of each Contract year guarantees your Contract against lapse until the insured's age 65 or for 10 years after issue, whichever comes later, assuming no loans or withdrawals. However, payment of the Target Premium after this Death Benefit Guarantee period, will not assure that your Contract's Accumulated Net Payments will meet the subsequent, much higher, Death Benefit Guarantee Values.

If you want a Death Benefit Guarantee to last the lifetime of the insured, then you should expect to pay at least the Lifetime Premium at the start of each Contract year. Paying the Lifetime Premium at the beginning of each Contract year guarantees your Contract against lapse for the insured's lifetime, assuming no loans or withdrawals.

The following table provides sample Short-Term, Target, and Lifetime Premiums (to the nearest dollar). The examples assume: (1) the insured is a male,



80	Type B (Variable)	\$37,550	
\$43,980	\$83,015		
80	Type C (Return of Premium) N/A	N/A	N/A

</TABLE>

Paying the Short-Term, Target, or Lifetime Premiums at the start of each Contract year is one way of reaching the Death Benefit Guarantee Values; it is certainly not the only way. The Death Benefit Guarantee allows considerable flexibility as to the timing of premium payments. Your Pruco Life of New Jersey representative can supply sample illustrations of various premium amount and frequency combinations that correspond to the Death Benefit Guarantee Values.

When determining what premium amounts to pay and the frequency of your payments, you should consider carefully the value of maintaining the Death Benefit Guarantee. If you desire the Death Benefit Guarantee until the later of the insured's age 65 or 10 years after issue, you may prefer to pay at least the Target Premium in all years, rather than paying the lower Short-Term Premium in the first five years. If you pay only enough premium to meet the Death Benefit Guarantee Values in the first five years, you will need to pay more than the Target Premium at the beginning of the 6th year in order to continue the Death Benefit Guarantee.

Similarly, if you desire the Death Benefit Guarantee for lifetime protection, you may prefer to pay generally higher premiums in all years, rather than trying to make such payments on an as needed basis. For example, if you pay only enough premium to meet the Death Benefit Guarantee Values until the later of the insured's age 65 or 10 years after issue, a substantial amount may be required to meet the subsequent Death Benefit Guarantee Values and continue the guarantee. In addition, it is possible that the payment required to continue the guarantee beyond this period could exceed the premium payments allowed to be paid without causing the Contract to become a Modified Endowment Contract. See Tax Treatment of Contract Benefits, page 37.

Not all Contracts will have the Death Benefit Guarantee available in all years. Type A and Type B Contracts with the Cash Value Accumulation Test elected for definition of life insurance testing will have the Death Benefit Guarantee available for the lifetime of the insured. However, Type A and Type B Contracts with the Guideline Premium Test elected for definition of life insurance testing will have the Death Benefit Guarantee available until the insured's age 65 or 10 years after issue, whichever is later. Furthermore, Type C Contracts with either the Cash Value Accumulation Test or Guideline Premium Test elected for definition of life insurance testing, will only have the Death Benefit Guarantee available for the first five Contract years. Contracts with the Target Term Rider will also have the Death Benefit Guarantee available for only the first

five Contract years. Your Contract datapages will show Death Benefit Guarantee Values for the duration available with your Contract. See Types of Death Benefit, page 19 and Tax Treatment of Contract Benefits, page 37.

## Transfers

You may, up to 12 times each Contract year, transfer amounts from one variable investment option to another variable investment option or to the fixed-rate option without charge. There is an administrative charge of up to \$25 for each transfer made exceeding 12 in any Contract year. All or a portion of the amount credited to a variable investment option may be transferred.

Transfers will take effect as of the end of the valuation period in which a proper transfer request is received at a Home Office. The request may be in terms of dollars, such as a request to transfer \$5,000 from one variable investment option to another, or may be in terms of a percentage reallocation among variable investment options. In the latter case, as with premium reallocations, the percentages must be in whole numbers. You may transfer amounts by proper written notice to a Home Office or by telephone, provided you are enrolled to use the Telephone Transfer System. You will automatically be enrolled to use the Telephone Transfer System unless the Contract is jointly owned or you elect not to have this privilege. Telephone transfers may not be available on Contracts that are assigned, depending on the terms of the assignment. See Assignment, page 39.

We will use reasonable procedures, such as asking you to provide certain personal information provided on your application for insurance, to confirm that instructions given by telephone are genuine. We will not be held liable for following telephone instructions that we reasonably believe to be genuine. Pruco Life of New Jersey cannot guarantee that you will be able to get through to complete a telephone transfer during peak periods such as periods of drastic economic or market change.

Only one transfer from the fixed-rate option will be permitted during each Contract year. The maximum amount which may be transferred out of the fixed-rate option each year is the greater of: (a) 25% of the amount in the fixed-rate option; and (b) \$2,000. Pruco Life of New Jersey may change these limits in the future. We may waive these restrictions for limited periods of time in a non-discriminatory way, (e.g., when interest rates are declining).

The Contract was not designed for professional market timing organizations, other organizations, or individuals using programmed, large, or frequent transfers. A pattern of exchanges that coincides with a "market timing" strategy may be disruptive to the investment option or to the disadvantage of other contract owners. If such a pattern were to be found, we may modify your right to make transfers by restricting the number, timing and amount of transfers. We also reserve the right to prohibit transfer requests made by an individual

acting under a power of attorney on behalf of more than one contract owner.

### Dollar Cost Averaging

As an administrative practice, we are currently offering a feature called Dollar Cost Averaging ("DCA"). Under this feature, either fixed dollar amounts or a percentage of the amount designated for use under the DCA option will be transferred periodically from the DCA Money Market investment option into other variable investment options available under the Contract, excluding the fixed-rate option. You may choose to have periodic transfers made monthly or quarterly.

Each automatic transfer will take effect as of the end of the valuation period on the date coinciding with the periodic timing you designate provided the New York Stock Exchange is open on that date. If the New York Stock Exchange is not open on that date, or if the date does not occur in that particular month, the transfer will take effect as of the end of the valuation period which immediately follows that date. Automatic transfers will continue until: (1) \$50 or less remains of the amount designated for Dollar Cost Averaging, at which time the remaining amount will be transferred; or (2) you give us notification of a change in DCA allocation or cancellation of the feature. Currently, a transfer that occurs under the DCA feature is not counted towards the 12 free transfers permitted each Contract year. We reserve the right to change this practice, modify the requirements or discontinue the feature.

### Auto-Rebalancing

As an administrative practice, we are currently offering a feature called Auto-Rebalancing. This feature allows you to automatically rebalance variable investment option assets at specified intervals based on percentage allocations that you choose. For example, suppose your initial investment allocation of variable investment options X and Y is split 40% and 60%, respectively. Then, due to investment results, that split changes. You may instruct that those assets be rebalanced to your original or different allocation percentages.

Auto-Rebalancing can be performed on a quarterly, semi-annual, or annual basis. Each rebalance will take effect as of the end of the valuation period on the date coinciding with the periodic timing you designate provided the New York Stock Exchange is open on that date. If the New York Stock Exchange is not open on that date, or if the date does not occur in that particular month, the transfer will take effect as of the end of the valuation period which immediately follows that date. The fixed-rate option cannot participate in this administrative procedure. Currently, a transfer that occurs under the Auto-Rebalancing feature is not counted towards the 12 free transfers permitted each Contract year. We reserve the right to change this practice, modify the requirements or discontinue the feature.

## How a Contract's Cash Surrender Value Will Vary

You may surrender the Contract for its cash surrender value (referred to as net cash value in the Contract). The Contract's cash surrender value on any date will be the Contract Fund less any applicable surrender charges and less any Contract debt. See Contract Loans, page 36. The Contract Fund value changes daily, reflecting: (1) increases or decreases in the value of the variable investment options; (2) interest credited on any amounts allocated to the fixed-rate option; (3) interest credited on any loan; and (4) the daily asset charge for mortality and expense risks assessed against the variable investment options. The Contract Fund value also changes to reflect the receipt of premium payments and the monthly deductions described under Charges and Expenses, page 13. Upon request, Pruco Life of New Jersey will tell you the cash surrender value of your Contract. It is possible for the cash surrender value of a Contract to decline to zero because of unfavorable investment performance or outstanding Contract debt.

The tables on pages T1 through T10 of this prospectus illustrate approximately what the cash surrender values would be for representative Contracts paying certain premium amounts, and assuming hypothetical uniform investment results in the Fund portfolios. Five of the tables assume current charges will be made throughout the lifetime of the Contract and five of them assume maximum charges will be made. See Illustrations of Cash Surrender Values, Death Benefits, and Accumulated Premiums, page 34.

## How a Type A (Fixed) Contract's Death Benefit Will Vary

As described earlier, there are three types of death benefit available under the Contract: (1) Type A, a generally fixed death benefit; (2) Type B, a variable death benefit; and (3) Type C, a return of premium death benefit. A Type C (return of premium) death benefit generally varies by the amount of premiums paid, a Type B (variable) death benefit varies with investment performance, and a Type A (fixed) death benefit does not vary unless it must be increased to comply with the Internal Revenue Code's definition of life insurance.

Under a Type A (fixed) Contract, the death benefit is generally equal to the basic insurance amount. If the Contract is kept in-force for several years, depending on how much premium you pay, and/or if investment performance is reasonably favorable, the Contract Fund may grow to the point where Pruco Life of New Jersey will increase the death benefit in order to ensure that the Contract will satisfy the Internal Revenue Code's definition of life insurance.

The death benefit under a Type A (fixed) Contract will always be the greater of:

- (1) the basic insurance amount; and
- (2) the Contract Fund before the deduction of any monthly charges due on that date, multiplied by the attained age factor that applies.

A listing of attained age factors can be found on your Contract data pages. The latter provision ensures that the Contract will always have a death benefit

large enough so that the Contract will be treated as life insurance for tax purposes under current law. Before the Contract is issued, the Contract owner may choose between two methods that we use to determine the tax treatment of the Contract. See Tax Treatment of Contract Benefits, page 37, for a discussion of these methods and the impact of each on the Contract's values, benefits and tax status.

The following table illustrates at different ages how the attained age factor affects the death benefit for different Contract Fund amounts. The table assumes a \$250,000 Type A (fixed) Contract was issued when the insured was a male nonsmoker, age 35.

<TABLE>  
<CAPTION>

Type A (Fixed) Death Benefit

IF		THEN		
Fund	and the	and the Contract	the attained age	the Contract
the	Death	Fund is	factor is**	multiplied by
the insured is	Benefit is			attained age
factor is				
<S>	<C>	<C>	<C>	<C>
40	\$250,000	\$ 25,000	3.57	89,250
40	\$267,750*	\$ 75,000	3.57	267,750
40	\$357,000*	\$100,000	3.57	357,000
60	\$250,000	\$ 75,000	1.92	144,000
60	\$250,000	\$125,000	1.92	240,000
60	\$288,000*	\$150,000	1.92	288,000
80		\$150,000	1.26	189,000



	\$250,000			
80		\$200,000	1.26	252,000
	\$252,000*			
80		\$225,000	1.26	283,500
	\$283,500*			

\* Note that the death benefit has been increased to comply with the Internal Revenue Code's definition of life insurance.

\*\* Assumes the Contract owner selected the Cash Value Accumulation Test.

</TABLE>

This means, for example, that if the insured has reached the age of 60, and the Contract Fund is \$150,000, the death benefit will be \$288,000, even though the basic insurance amount is \$250,000. In this situation, for every \$1 increase in the Contract Fund, the death benefit will be increased by \$1.92. We reserve the right to refuse to accept any premium payment that increases the death benefit by more than it increases the Contract Fund. If we exercise this right, in certain situations it may result in the loss of the Death Benefit Guarantee.

#### How a Type B (Variable) Contract's Death Benefit Will Vary

Under a Type B (variable) Contract, while the Contract is in-force, the death benefit will never be less than the basic insurance amount, but will vary, immediately after it is issued, with the investment results of the selected investment options. The death benefit may be increased to ensure that the Contract will satisfy the Internal Revenue Code's definition of life insurance.

The death benefit under a Type B (variable) Contract will always be the greater of:

- (1) the basic insurance amount plus the Contract Fund before the deduction of any monthly charges due on that date; and
- (2) the Contract Fund before the deduction of any monthly charges due on that date, multiplied by the attained age factor that applies.

For purposes of computing the death benefit, if the Contract Fund is less than zero we will consider it to be zero. A listing of attained age factors can be found on your Contract data pages. The latter provision ensures that the Contract will always have a death benefit large enough so that the Contract will be treated as life insurance for tax purposes under current law. Before the Contract is issued, the Contract owner may choose between two methods that we use to determine the tax treatment of the Contract. See Tax Treatment of Contract Benefits, page 37, for a discussion of these methods and the impact of each on the Contract's values, benefits and tax status.

The following table illustrates various attained age factors and Contract Funds and the corresponding death benefits. The table assumes a \$250,000 Type B (variable) Contract was issued when the insured was a male nonsmoker, age 35.

<TABLE>  
<CAPTION>

Type B (Variable) Death Benefit

IF		THEN	
and the Death the insured is age is	and the Contract Fund is	the attained age factor is**	the Contract Fund multiplied by the attained age factor
<S>	<C>	<C>	<C>
40 \$275,000	\$25,000	3.57	89,250
40 \$325,000	\$75,000	3.57	267,750
40 \$357,000*	\$100,000	3.57	357,000
60 \$325,000	\$ 75,000	1.92	144,000
60 \$375,000	\$125,000	1.92	240,000
60 \$400,000	\$150,000	1.92	288,000
80 \$400,000	\$150,000	1.26	189,000
80 \$450,000	\$200,000	1.26	252,000
80 \$475,000	\$225,000	1.26	283,500

\* Note that the death benefit has been increased to comply with the Internal

Revenue Code's

definition of life insurance.

\*\* Assumes the Contract owner selected the Cash Value Accumulation Test.

</TABLE>

This means, for example, that if the insured has reached the age of 40, and the Contract Fund is \$100,000, the death benefit will be \$357,000, even though the basic insurance amount is \$250,000. In this situation, for every \$1 increase in the Contract Fund, the death benefit will be increased by \$3.57. We reserve the right to refuse to accept any premium payment that increases the death benefit by more than it increases the Contract Fund. If we exercise this right, in certain situations it may result in the loss of the Death Benefit Guarantee.

#### How a Type C (Return of Premium) Contract's Death Benefit Will Vary

Under a Type C (return of premium) Contract, while the Contract is in-force, the death benefit will vary by the amount of premiums paid, less any withdrawals. Unlike Type A and Type B Contracts, the death benefit of a Type C Contract may be less than the basic insurance amount in the event total withdrawals are greater than total premiums paid. The death benefit may be increased to ensure that the Contract will satisfy the Internal Revenue Code's definition of life insurance.

The death benefit under a Type C (return of premium) Contract will always be the greater of:

- (1) the basic insurance amount plus the total premiums paid into the Contract less any withdrawals; and
- (2) the Contract Fund before the deduction of monthly charges due on that date, multiplied by the attained age factor that applies.

A listing of attained age factors can be found on your Contract data pages. The latter provision ensures that the Contract will always have a death benefit large enough so that the Contract will be treated as life insurance for tax purposes under current law. Before the Contract is issued, the Contract owner may choose between two methods that we use to determine the tax treatment of the Contract. See Tax Treatment of Contract Benefits, page 37, for a discussion of these methods and the impact of each on the Contract's values, benefits and tax status.

The following table illustrates various attained age factors and Contract Funds and the corresponding death benefits. The table assumes a \$250,000 Type C (return of premium) Contract was issued when the insured was a male nonsmoker, age 35.

<TABLE>  
<CAPTION>

Type C (Return of Premium) Death Benefit

-----  
-----  
IF  
THEN  
-----  
-----  
and the premiums  
the Contract Fund and the and the premiums  
multiplied by the and the Contract paid less any the attained age  
the insured is age Fund is Death withdrawals is factor is\*\*  
attained age factor is Benefit is

<S>	<C>	<C>	<C>	<C>
40	\$25,000	\$15,000		3.57
89,250	\$265,000			
40	\$75,000	\$60,000		3.57
267,750	\$310,000			
40	\$100,000	\$80,000		3.57
357,000	\$357,000*			

60	\$75,000	\$ 60,000		1.92
144,000	\$310,000			
60	\$125,000	\$100,000		1.92
240,000	\$350,000			
60	\$150,000	\$125,000		1.92
288,000	\$375,000			

80	\$150,000	\$125,000		1.26
189,000	\$375,000			
80	\$200,000	\$150,000		1.26
252,000	\$400,000			
80	\$225,000	\$175,000		1.26
283,500	\$425,000			

\* Note that the death benefit has been increased to comply with the Internal Revenue Code's definition of life insurance.

\*\* Assumes the Contract owner selected the Cash Value Accumulation Test.

</TABLE>

This means, for example, that if the insured has reached the age of 40, and the premiums paid less any withdrawals equals \$80,000, the death benefit will be \$357,000, even though the basic insurance amount is \$250,000. In this situation, for every \$1 increase in the Contract Fund, the death benefit will be increased by \$3.57. We reserve the right to refuse to accept any premium payment that increases the death benefit by more than it increases the Contract Fund. If we exercise this right, in certain situations it may result in the loss of the Death Benefit Guarantee.

### Surrender of a Contract

A Contract may be surrendered for its cash surrender value (or for a fixed reduced paid-up insurance benefit in New York state) while the insured is living. To surrender a Contract, we may require you to deliver or mail the Contract with a written request in a form that meets Pruco Life of New Jersey's needs, to a Home Office. The cash surrender value of a surrendered Contract will be determined as of the end of the valuation period in which such a request is received in a Home Office. Surrender of a Contract may have tax consequences. See Tax Treatment of Contract Benefits, page 37.

Fixed reduced paid-up insurance (available in New York state only) provides paid-up insurance, the amount of which will be paid when the insured dies. There will be cash values and loan values. The loan interest rate for fixed reduced paid-up insurance is 5%. Upon surrender of the Contract, the amount of fixed reduced paid-up insurance depends upon the net cash value and the insured's issue age, sex, smoker/non-smoker status, and the length of time since the Contract date.

### Withdrawals

Under certain circumstances, you may withdraw a portion of the Contract's cash surrender value without surrendering the Contract. The withdrawal amount is limited by the requirement that the net cash value after withdrawal may not be less than or equal to zero after deducting any charges associated with the withdrawal and an amount that we estimate will be sufficient to cover the contract fund deductions for two monthly dates following the date of withdrawal. The amount withdrawn must be at least \$500. There is an administrative processing fee for each withdrawal which is the lesser of: (a) \$25 and; (b) 2% of the withdrawal amount. An amount withdrawn may not be repaid except as a premium subject to the applicable charges. Upon request, we will tell you how much you may withdraw. Withdrawal of the cash surrender value may have tax consequences. See Tax Treatment of Contract Benefits, page 37.

Whenever a withdrawal is made, the death benefit will immediately be reduced by at least the amount of the withdrawal. Withdrawals under Type B (variable) and Type C (return of premium) Contracts, will not change the basic insurance amount. However, under a Type A (fixed) Contract, the withdrawal may require a reduction in the basic

insurance amount. If a decrease in basic insurance amount reduces a coverage segment below its surrender charge threshold, a surrender charge may be deducted. See Charges and Expenses, page 13. No withdrawal will be permitted under a Type A (fixed) Contract if it would result in a basic insurance amount of less than the minimum basic insurance amount. See Requirements for Issuance of a Contract, page 18. It is important to note, however, that if the basic insurance amount is decreased, there is a possibility that the Contract might be classified as a Modified Endowment Contract. Before making any withdrawal which causes a decrease in basic insurance amount, you should consult with your tax adviser and your Pruco Life of New Jersey representative. See Tax Treatment of Contract Benefits, page 37.

When a withdrawal is made, the Contract Fund is reduced by the sum of the cash withdrawn, the withdrawal fee, and any surrender charge. An amount equal to the reduction in the Contract Fund will be withdrawn proportionally from the investment options unless you direct otherwise. Withdrawal of the cash surrender value increases the risk that the Contract Fund may be insufficient to provide Contract benefits. If such a withdrawal is followed by unfavorable investment experience, the Contract may go into default. Withdrawals may also affect whether a Contract is kept in-force under the Death Benefit Guarantee, since withdrawals decrease your Accumulated Net Payments. See Death Benefit Guarantee, page 24.

#### Lapse and Reinstatement

Pruco Life of New Jersey will determine the value of the Contract Fund on each Monthly date. If the Contract Fund less any applicable surrender charges is zero or less, the Contract is in default unless it remains in-force under the Death Benefit Guarantee. See Death Benefit Guarantee, page 24. If the Contract debt ever grows to be equal to or more than the Contract Fund less any applicable surrender charges, the Contract will be in default. Should this happen, Pruco Life of New Jersey will send you a notice of default setting forth the payment which we estimate will keep the Contract in-force for three months from the date of default. This payment must be received at a Home Office within the 61-day grace period after the notice of default is mailed or the Contract will end and have no value. A Contract that lapses with an outstanding Contract loan may have tax consequences. See Tax Treatment of Contract Benefits, page 37.

A Contract that ended in default may be reinstated within five years after the date of default if the following conditions are met: (1) renewed evidence of insurability is provided on the insured; (2) submission of certain payments sufficient to bring the Contract up to date plus a premium that we estimate will cover all charges and deductions for the next three months; and (3) any Contract debt with interest to date must be restored or paid back. If the Contract debt is restored and the debt with interest would exceed the loan value of the

reinstated Contract, the excess must be paid to us before reinstatement. The reinstatement date will be the date we approve your request. We will deduct all required charges from your payment and the balance will be placed into your Contract Fund. If we approve the reinstatement, we will credit the Contract Fund with an amount equal to the surrender charge applicable as of the date of reinstatement.

#### Increases in Basic Insurance Amount

Subject to state approval and subject to the underwriting requirements determined by Pruco Life of New Jersey, after the first Contract anniversary, you may increase the amount of insurance by increasing the basic insurance amount of the Contract, thus, creating an additional coverage segment.

The following conditions must be met:

- (1) you must ask for the change in a form that meets Pruco Life of New Jersey's needs;
- (2) the amount of the increase must be at least equal to the minimum increase in basic insurance amount shown under Contract Limitations in your Contract data pages;
- (3) you must prove to us that the insured is insurable for any increase;
- (4) the Contract must not be in default;
- (5) we must not be paying premiums into the Contract as a result of the insured's total disability; and
- (6) if we ask you to do so, you must send us the Contract to be endorsed.

If we approve the change, we will send you new Contract data pages showing the amount and effective date of the change and the recomputed charges, values and limitations. If the insured is not living on the effective date, the

change will not take effect. No administrative processing charge is currently being made in connection with an increase in basic insurance amount. However, we reserve the right to make such a charge in an amount of up to \$25.

The Sales Load Target Premium is calculated separately for each coverage segment. When premiums are paid, each payment is allocated to each coverage segment based on the proportion of the Sales Load Target Premium in each segment to the total Sales Load Target Premiums of all segments. Currently, the sales load charge for each segment is equal to 4% of the allocated premium paid in each Contract year up to the Sales Load Target Premium and 2% of allocated premiums paid in excess of this amount for the first 10 Contract years; 0%

thereafter. See the definition of Contract year for an increase in basic insurance amount under DEFINITIONS OF SPECIAL TERMS USED IN THIS PROSPECTUS, page 1.

Each coverage segment will have its own surrender charge period beginning on that segment's effective date and its own surrender charge threshold. The surrender charge threshold is the segment's lowest coverage amount since its effective date. See Decreases in Basic Insurance Amount, below, and Surrender Charges, page 17.

The COI rates for a coverage segment representing an increase in basic insurance amount are based upon 1980 CSO Tables, the age at the segment's effective date and the number of years since then, sex (except where unisex rates apply); smoker/nonsmoker status, and extra rating class, if any. The net amount at risk for the whole contract (the death benefit minus the Contract Fund) is allocated to each coverage segment based on the proportion of its basic insurance amount to the total of all coverage segments. In addition, the attained age factor for a Contract with an increase in basic insurance amount is based on the Insured's attained age for the initial coverage segment. For a description of attained age factor, see How a Type A (Fixed) Contract's Death Benefit Will Vary, page 27, How a Type B (Variable) Contract's Death Benefit Will Vary, page 28, and How a Type C (Return of Premium) Contract's Death Benefit Will Vary, page 29.

Each Contract owner who elects to increase the basic insurance amount of his or her Contract will receive a "free-look" right which will apply only to the increase in basic insurance amount, not the entire Contract. This right is comparable to the right afforded to a purchaser of a new Contract except that, any cost of insurance charge for the increase in the basic insurance amount will be returned to the Contract Fund instead of a refund of premium. See Short-Term Cancellation Right or "Free-Look", page 18. Generally, the "free-look" right would have to be exercised no later than 10 days after receipt of the Contract as increased.

An increase in basic insurance amount may cause the Contract to be classified as a Modified Endowment Contract. See Tax Treatment of Contract Benefits, page 37. Therefore, before increasing the basic insurance amount, you should consult with your tax adviser and your Pruco Life of New Jersey representative.

#### Decreases in Basic Insurance Amount

As explained earlier, you may make a withdrawal. See Withdrawals, page 30. You also have the option of decreasing the basic insurance amount of your Contract without withdrawing any cash surrender value at any time after the first Contract anniversary. Contract owners who conclude that, because of changed circumstances, the amount of insurance is greater than needed will be able to decrease their amount of insurance protection, and the monthly deductions for the cost of insurance. The amount of the decrease must be at least equal to the minimum decrease in basic insurance amount shown under Contract Limitations in your Contract data pages.

In addition, the basic insurance amount after the decrease must be at least



equal to the minimum basic insurance amount shown under Contract Limitations in your Contract data pages. No administrative processing charge is currently being made in connection with a decrease in basic insurance amount. However, we reserve the right to make such a charge in an amount of up to \$25. See Charges and Expenses, page 13. If we ask you to, you must send us your Contract to be endorsed. The Contract will be amended to show the new basic insurance amount, charges, values in the appropriate tables and the effective date of the decrease. A decrease will not take effect if the insured is not living on the effective date.

For Contracts with more than one coverage segment, a decrease in basic insurance amount will reduce each coverage segment based on the proportion of the coverage segment amount to the total of all coverage segment amounts in effect just before the change. Each coverage segment will have its own surrender charge threshold equal to the segment's lowest coverage amount since its effective date. If the decrease in basic insurance amount reduces a coverage segment to an amount equal to or greater than its surrender charge threshold, we will not impose a

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surrender charge. However, if the decrease in basic insurance amount reduces a coverage segment below its threshold, we will subtract the new coverage segment amount from the threshold amount. We will then multiply the surrender charge by the lesser of this difference and the amount of the decrease, divide by the threshold amount, and deduct the result from the Contract Fund. See Surrender Charges, page 17.

We may decline a reduction if we determine it would cause the Contract to fail to qualify as "life insurance" for purposes of Section 7702 of the Internal Revenue Code. In addition, it is important to note that if the basic insurance amount is decreased, there is a possibility that the Contract will be classified as a Modified Endowment Contract. See Tax Treatment of Contract Benefits, page 37. Before requesting any decrease in basic insurance amount, you should consult with your tax adviser and your Pruco Life of New Jersey representative.

#### When Proceeds Are Paid

Pruco Life of New Jersey will generally pay any death benefit, cash surrender value, loan proceeds or withdrawal within seven days after all the documents required for such a payment are received at a Home Office. Other than the death benefit, which is determined as of the date of death, the amount will be determined as of the end of the valuation period in which the necessary documents are received at a Home Office. However, Pruco Life of New Jersey may delay payment of proceeds from the variable investment option[s] and the variable portion of the death benefit due under the Contract if the disposal or valuation of the Account's assets is not reasonably practicable because the New York Stock Exchange is closed for other than a regular holiday or weekend, trading is restricted by the SEC, or the SEC declares that an emergency exists.

With respect to the amount of any cash surrender value allocated to the fixed-rate option, Pruco Life of New Jersey expects to pay the cash surrender value promptly upon request. However, Pruco Life of New Jersey has the right to delay payment of such cash surrender value for up to six months (or a shorter period if required by applicable law). Pruco Life of New Jersey will pay interest of at least 3% a year if it delays such a payment for 30 days or more (or a shorter period if required by applicable law).

### Living Needs Benefit

You may elect to add the Living Needs Benefit<sup>SM</sup> to your Contract at issue. The benefit may vary by state. There is no charge for adding the benefit to the Contract. However, an administrative charge (not to exceed \$150) will be made at the time the Living Needs Benefit is paid.

Subject to state regulatory approval, the Living Needs Benefit allows you to elect to receive an accelerated payment of all or part of the Contract's death benefit, adjusted to reflect current value, at a time when certain special needs exist. The adjusted death benefit will always be less than the death benefit, but will generally be greater than the Contract's cash surrender value. One or both of the following options may be available. A Pruco Life of New Jersey representative should be consulted as to whether additional options may be available.

**Terminal Illness Option.** This option is available if the insured is diagnosed as terminally ill with a life expectancy of six months or less. When satisfactory evidence is provided, Pruco Life of New Jersey will provide an accelerated payment of the portion of the death benefit selected by the Contract owner as a Living Needs Benefit. The Contract owner may (1) elect to receive the benefit in a single sum or (2) receive equal monthly payments for six months. If the insured dies before all the payments have been made, the present value of the remaining payments will be paid to the beneficiary designated in the Living Needs Benefit claim form in a single sum.

**Nursing Home Option.** This option is available after the insured has been confined to an eligible nursing home for six months or more. When satisfactory evidence is provided, including certification by a licensed physician, that the insured is expected to remain in the nursing home until death, Pruco Life of New Jersey will provide an accelerated payment of the portion of the death benefit selected by the Contract owner as a Living Needs Benefit. The Contract owner may (1) elect to receive the benefit in a single sum or (2) receive equal monthly payments for a specified number of years (not more than 10 nor less than 2), depending upon the age of the insured. If the insured dies before all of the payments have been made, the present value of the remaining payments will be paid to the beneficiary designated in the Living Needs Benefit claim form in a single sum.

Subject to state approval, all or part of the Contract's death benefit may be accelerated under the Living Needs Benefit. If the benefit is only partially accelerated, a death benefit of at least \$25,000 must remain under the Contract. Pruco Life of New Jersey reserves the right to determine the minimum amount that may be accelerated.

No benefit will be payable if you are required to elect it in order to meet the claims of creditors or to obtain a government benefit. Pruco Life of New Jersey can furnish details about the amount of Living Needs Benefit that is available to an eligible Contract owner, and the effect on the Contract if less than the entire death benefit is accelerated.

You should consider whether adding this settlement option is appropriate in your given situation. Adding the Living Needs Benefit to the Contract has no adverse consequences; however, electing to use it could. With the exception of certain business-related Contracts, the Living Needs Benefit is excluded from income if the insured is terminally ill or chronically ill as defined in the tax law (although the exclusion in the latter case may be limited). You should consult a qualified tax adviser before electing to receive this benefit. Receipt of a Living Needs Benefit payment may also affect your eligibility for certain government benefits or entitlements.

#### Illustrations of Cash Surrender Values, Death Benefits, and Accumulated Premiums

The following tables (pages T1 through T10) show how a Contract's death benefit and cash surrender values change with the investment experience of the Account. They are "hypothetical" because they are based, in part, upon several assumptions, which are described below. All ten tables assume the following:

- o a Contract bought by a 35 year old male, Preferred Best, with no extra risks or substandard ratings.
- o a given premium amount is paid on each Contract anniversary and no loans are taken.
- o the Contract Fund has been invested in equal amounts in each of the 28 portfolios of the Funds and no portion of the Contract Fund has been allocated to the fixed-rate option.

The first two tables (pages T1 and T2) assume: (1) a Type A (fixed) Contract has been purchased, (2) a \$250,000 basic insurance amount and no riders have been added to the Contract, and (3) a Cash Value Accumulation Test has been elected for definition of life insurance testing. See Tax Treatment of Contract Benefits, page 37 and Types of Death Benefit, page 19. The first table assumes current charges will continue for the indefinite future while the second table assumes maximum contractual charges have been made from the beginning. See Charges and Expenses, page 13.

The third and fourth tables (pages T3 and T4) assume: (1) a Type A (fixed) Contract has been purchased, (2) a \$100,000 basic insurance amount and a \$150,000 Target Term Rider has been added to the Contract, and (3) a Cash Value Accumulation Test has been elected for definition of life insurance testing. See Tax Treatment of Contract Benefits, page 37 and Types of Death Benefit, page 19. The third table assumes current charges will continue for the indefinite future while the fourth table assumes maximum contractual charges have been made from the beginning. See Charges and Expenses, page 13.

The next two tables (pages T5 and T6) assume: (1) a Type A (fixed) Contract has been purchased, (2) a \$250,000 basic insurance amount and no riders have been added to the Contract, and (3) a Guideline Premium Test has been elected for definition of life insurance testing. See Tax Treatment of Contract Benefits, page 37 and Types of Death Benefit, page 19. The fifth table assumes current charges will continue for the indefinite future while the sixth table assumes maximum contractual charges have been made from the beginning. See Charges and Expenses, page 13.

The tables on pages T7 and T8 assume: (1) a Type B (variable) Contract has been purchased, (2) a \$250,000 basic insurance amount and no riders have been added to the Contract, and (3) a Cash Value Accumulation Test has been elected for definition of life insurance testing. See Tax Treatment of Contract Benefits, page 37 and Types of Death Benefit, page 19. The table on page T7 assumes current charges will continue for the indefinite future while the table on page T8 assumes maximum contractual charges have been made from the beginning. See Charges and Expenses, page 13.

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The last two tables (pages T9 and T10) assume: (1) a Type C (return of premium) Contract has been purchased, (2) a \$250,000 basic insurance amount and no riders have been added to the Contract, and (3) a Cash Value Accumulation Test has been elected for definition of life insurance testing. See Tax Treatment of Contract Benefits, page 37 and Types of Death Benefit, page 19. The table on page T9 assumes current charges will continue for the indefinite future while the table on page T10 assumes maximum contractual charges have been made from the beginning. See Charges and Expenses, page 13.

Finally, there are three assumptions, shown separately, about the average investment performance of the portfolios. The first is that there will be a uniform 0% gross rate of return with the average value of the Contract Fund uniformly adversely affected by very unfavorable investment performance. The other two assumptions are that investment performance will be at a uniform gross annual rate of 6% and 12%. Actual returns will fluctuate from year to year. In addition, death benefits and cash surrender values would be different from those shown if investment returns averaged 0%, 6% and 12% but fluctuated from those averages throughout the years. Nevertheless, these assumptions help show how the Contract values will change with investment experience.

The first column of the following illustrations (pages T1 through T10) shows the Contract year. The second column, to provide context, shows what the aggregate amount would be if the premiums had been invested to earn interest, after taxes, at 4% compounded annually. The next four columns show the death benefit payable in each of the years shown for the three different assumed investment returns. The last four columns show the cash surrender value payable in each of the years shown for the three different assumed investment returns. The cash surrender values in the first 10 years reflect the surrender charges that would be deducted if the Contract were surrendered in those years.

A gross return (as well as the net return) is shown at the top of each column. The gross return represents the combined effect of investment income and capital gains and losses, realized or unrealized, of the portfolios before any reduction is made for investment advisory fees or other Fund expenses. The net return reflects average total annual expenses of the 28 portfolios of 0.89%, and the daily deduction from the Contract Fund of 0.25% per year for the tables based on current charges and 0.45% per year for the tables based on maximum charges. Thus, assuming current charges, gross returns of 0%, 6% and 12% are the equivalent of net returns of -1.14%, 4.86% and 10.86%, respectively. Assuming maximum charges, gross returns of 0%, 6% and 12% are the equivalent of net returns of -1.34%, 4.66% and 10.66%, respectively. The actual fees and expenses of the portfolios associated with a particular Contract may be more or less than 0.89% and will depend on which variable investment options are selected. The death benefits and cash surrender values shown reflect the deduction of all expenses and charges both from the Funds and under the Contract.

If you are considering the purchase of a variable life insurance contract from another insurance company, you should not rely upon these tables for comparison purposes. A comparison between two tables, each showing values for a 35 year old man, may be useful for a 35 year old man but would be inaccurate if made for insureds of other ages or sex. Your Pruco Life of New Jersey representative can provide you with a hypothetical illustration for your own age, sex, and rating class.

ILLUSTRATIONS

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PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
CASH VALUE ACCUMULATION TEST  
TYPE A (FIXED) DEATH BENEFIT  
MALE PREFERRED BEST ISSUE AGE 35  
\$250,000 BASIC INSURANCE AMOUNT  
ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS IN ALL YEARS  
USING CURRENT CHARGES

<TABLE>

<CAPTION>

Death Benefit (1)

Surrender Value (1)

Assuming Hypothetical Gross (and Net)		Assuming Hypothetical Gross (and Net)		Assuming Hypothetical Gross (and Net)	
Annual Investment Return of		Annual Investment Return of		Annual Investment Return of	
End Of	Accumulated	0% Gross	6% Gross	12% Gross	12% Gross
Policy	at 4% Interest	0% Gross	6% Gross	6% Gross	12% Gross
Year	Per Year	(-1.14% Net)	(4.86% Net)	(4.86% Net)	(10.86% Net)
(-1.14% Net)	(4.86% Net)	(-1.14% Net)	(10.86% Net)	(4.86% Net)	(10.86% Net)
<S>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>
1	\$ 1,794	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	\$ 3,660	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 0	\$ 0	\$ 122	\$ 122	\$ 122	\$ 122
3	\$ 5,600	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 812	\$ 1,169	\$ 1,560	\$ 1,560	\$ 1,560	\$ 1,560
4	\$ 7,618	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 1,872	\$ 2,463	\$ 3,134	\$ 3,134	\$ 3,134	\$ 3,134
5	\$ 9,717	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 2,923	\$ 3,811	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859
6	\$ 11,900	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 4,381	\$ 5,645	\$ 7,193	\$ 7,193	\$ 7,193	\$ 7,193
7	\$ 14,170	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 5,823	\$ 7,558	\$ 9,759	\$ 9,759	\$ 9,759	\$ 9,759
8	\$ 16,530	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 7,247	\$ 9,550	\$ 12,580	\$ 12,580	\$ 12,580	\$ 12,580
9	\$ 18,986	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 8,651	\$ 11,624	\$ 15,681	\$ 15,681	\$ 15,681	\$ 15,681
10	\$ 21,539	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 10,034	\$ 13,783	\$ 19,091	\$ 19,091	\$ 19,091	\$ 19,091
15	\$ 35,922	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 16,132	\$ 25,554	\$ 41,747	\$ 41,747	\$ 41,747	\$ 41,747
20	\$ 53,422	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 21,107	\$ 39,633	\$ 78,873	\$ 78,873	\$ 78,873	\$ 78,873
25	\$ 74,713	\$ 250,000	\$ 250,000	\$ 250,000	\$ 277,820
\$ 24,463	\$ 56,206	\$ 140,313	\$ 140,313	\$ 140,313	\$ 140,313
30	\$ 100,616	\$ 250,000	\$ 250,000	\$ 250,000	\$ 417,269
\$ 25,549	\$ 75,496	\$ 241,196	\$ 241,196	\$ 241,196	\$ 241,196
35	\$ 132,132	\$ 250,000	\$ 250,000	\$ 250,000	\$ 624,890
\$ 23,749	\$ 98,153	\$ 405,773	\$ 405,773	\$ 405,773	\$ 405,773
40	\$ 170,476	\$ 250,000	\$ 250,000	\$ 250,000	\$ 935,304
\$ 16,836	\$ 124,378	\$ 672,881	\$ 672,881	\$ 672,881	\$ 672,881

45	\$	217,127	\$	250,000 (2)	\$	250,000	\$	1,413,707
\$	1,417(2)	\$	155,187	\$	1,104,458			

</TABLE>

- (1) Assumes no Contract Loan has been made.
- (2) Based on a gross return of 0%, the Contract would go into default in policy year 46, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T1

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
 CASH VALUE ACCUMULATION TEST  
 TYPE A (FIXED) DEATH BENEFIT  
 MALE PREFERRED BEST ISSUE AGE 35  
 \$250,000 BASIC INSURANCE AMOUNT  
 ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS IN ALL YEARS  
 USING MAXIMUM CHARGES

<TABLE>  
<CAPTION>

	Surrender Value (1)	Death Benefit (1)		
	-----	-----		
		Assuming Hypothetical Gross (and Net)		
	Assuming Hypothetical Gross (and Net)	Assuming Hypothetical Gross (and Net)		
	Premiums	Annual Investment Return of		
	Annual Investment Return of	Annual Investment Return of		
End Of	Accumulated	-----		
-----				
Policy	at 4% Interest	0% Gross	6% Gross	12% Gross
0% Gross	6% Gross	12% Gross		
Year	Per Year	(-1.34% Net)	(4.66% Net)	(10.66% Net)
(-1.34% Net)	(4.66% Net)	(10.66% Net)		
-----				
-----				

<S>	<C>	<C>	<C>	<C>	<C>	
<C>	<C>	<C>	<C>	<C>	<C>	
1	\$	1,794	\$	250,000	\$ 250,000	\$ 250,000
\$	0	\$	0	\$	0	\$
2	\$	3,660	\$	250,000	\$ 250,000	\$ 250,000
\$	0	\$	0	\$	0	\$
3	\$	5,600	\$	250,000	\$ 250,000	\$ 250,000
\$	0	\$	0	\$	159	\$
4	\$	7,618	\$	250,000	\$ 250,000	\$ 250,000
\$	255	\$	637	\$	1,078	\$
5	\$	9,717	\$	250,000	\$ 250,000	\$ 250,000
\$	823	\$	1,375	\$	2,039	\$
6	\$	11,900	\$	250,000	\$ 250,000	\$ 250,000
\$	1,762	\$	2,528	\$	3,484	\$
7	\$	14,170	\$	250,000	\$ 250,000	\$ 250,000
\$	2,650	\$	3,683	\$	5,019	\$
8	\$	16,530	\$	250,000	\$ 250,000	\$ 250,000
\$	3,483	\$	4,838	\$	6,653	\$
9	\$	18,986	\$	250,000	\$ 250,000	\$ 250,000
\$	4,259	\$	5,987	\$	8,391	\$
10	\$	21,539	\$	250,000	\$ 250,000	\$ 250,000
\$	4,973	\$	7,128	\$	10,240	\$
15	\$	35,922	\$	250,000	\$ 250,000	\$ 250,000
\$	6,655	\$	11,677	\$	20,653	\$
20	\$	53,422	\$	250,000	\$ 250,000	\$ 250,000
\$	5,518	\$	14,408	\$	34,882	\$
25	\$	74,713	\$	250,000	\$ 250,000	\$ 250,000
\$	0	\$	12,865	\$	54,135	\$
30	\$	100,616	\$	250,000	\$ 250,000	\$ 250,000
\$	0	\$	2,026	\$	80,056	\$
35	\$	132,132	\$	0(2)	\$ 0(2)	\$ 250,000
\$	0(2)	\$	0(2)	\$	115,594	\$
40	\$	170,476	\$	0	\$ 0	\$ 250,000
\$	0	\$	0	\$	169,670	\$
45	\$	217,127	\$	0	\$ 0	\$ 330,534
\$	0	\$	0	\$	258,230	\$

</TABLE>

(1) Assumes no Contract Loan has been made.

(2) Based on a gross return of 0%, the Contract would go into default in policy year 31, unless an additional premium payment was made. Based on a gross return of 6%, the Contract would go into default in policy year 31, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be



different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T2

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
 CASH VALUE ACCUMULATION TEST  
 TYPE A (FIXED) DEATH BENEFIT  
 MALE PREFERRED BEST ISSUE AGE 35  
 \$250,000 TARGET COVERAGE AMOUNT(\$100,000 BASIC INSURANCE AMOUNT,  
 \$150,000 TARGET TERM RIDER)  
 ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS FOR ALL YEARS  
 USING CURRENT CHARGES

<TABLE>  
 <CAPTION>

Surrender Value (1)		Death Benefit (1)			
Assuming Hypothetical Gross (and Net) Premiums		Assuming Hypothetical Gross (and Net) Annual Investment Return of			
End Of	Accumulated	0% Gross (-1.14% Net)	6% Gross (4.86% Net)	12% Gross (10.86% Net)	
Policy	at 4% Interest	0% Gross	6% Gross	12% Gross	
Year	Per Year	(-1.14% Net)	(4.86% Net)	(10.86% Net)	
1	\$ 1,794	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
2	\$ 3,660	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
3	\$ 5,600	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
4	\$ 7,618	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
5	\$ 9,717	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
6	\$ 11,900	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
	\$ 8,225	\$ 10,235			

7	\$	14,170	\$	250,000	\$	250,000	\$	250,000
\$	7,950	\$	10,189	\$	13,027			
8	\$	16,530	\$	250,000	\$	250,000	\$	250,000
\$	9,300	\$	12,235	\$	16,106			
9	\$	18,986	\$	250,000	\$	250,000	\$	250,000
\$	10,625	\$	14,368	\$	19,500			
10	\$	21,539	\$	250,000	\$	250,000	\$	250,000
\$	11,924	\$	16,588	\$	23,244			
15	\$	35,922	\$	250,000	\$	250,000	\$	250,000
\$	17,889	\$	29,070	\$	48,648			
20	\$	53,422	\$	250,000	\$	250,000	\$	250,000
\$	22,779	\$	44,124	\$	90,516			
25	\$	74,713	\$	250,000	\$	250,000	\$	316,487
\$	26,063	\$	61,979	\$	159,842			
30	\$	100,616	\$	250,000	\$	250,000	\$	472,776
\$	27,096	\$	82,990	\$	273,281			
35	\$	132,132	\$	250,000	\$	250,000	\$	705,834
\$	25,264	\$	108,007	\$	458,334			
40	\$	170,476	\$	250,000	\$	250,000	\$	1,054,545
\$	18,354	\$	137,633	\$	758,666			
45	\$	217,127	\$	250,000 (2)	\$	250,000	\$	1,592,211
\$	2,993 (2)	\$	173,661	\$	1,243,914			

</TABLE>

(1) Assumes no Contract Loan has been made.

(2) Based on a gross return of 0%, the Contract would go into default in policy year 46, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T3

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
CASH VALUE ACCUMULATION TEST  
TYPE A (FIXED) DEATH BENEFIT  
MALE PREFERRED BEST ISSUE AGE 35  
\$250,000 TARGET COVERAGE AMOUNT (\$100,000 BASIC INSURANCE AMOUNT,  
\$150,000 TARGET TERM RIDER)

ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS FOR ALL YEARS  
USING MAXIMUM CHARGES

<TABLE>  
<CAPTION>

Surrender Value (1)		Death Benefit (1)			
-----					
Assuming Hypothetical Gross (and Net)					
Assuming Hypothetical Gross (and Net)		Assuming Hypothetical Gross (and Net)			
Premiums		Annual Investment Return of			
Annual Investment Return of		Annual Investment Return of			
End Of	Accumulated	-----			
-----					
Policy	at 4% Interest	0% Gross	6% Gross	12% Gross	
0% Gross	6% Gross	12% Gross			
Year	Per Year	(-1.34% Net)	(4.66% Net)	(10.66% Net)	
(-1.34% Net)	(4.66% Net)	(10.66% Net)			
-----					
<S>	<C>	<C>	<C>	<C>	
<C>	<C>	<C>	<C>		
1	\$ 1,794	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 0	\$ 0	\$ 0			
2	\$ 3,660	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 0	\$ 116	\$ 258			
3	\$ 5,600	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 517	\$ 760	\$ 1,027			
4	\$ 7,618	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 1,015	\$ 1,397	\$ 1,838			
5	\$ 9,717	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 1,474	\$ 2,027	\$ 2,690			
6	\$ 11,900	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 2,055	\$ 2,813	\$ 3,760			
7	\$ 14,170	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 2,586	\$ 3,587	\$ 4,891			
8	\$ 16,530	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 3,066	\$ 4,349	\$ 6,088			
9	\$ 18,986	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 3,490	\$ 5,091	\$ 7,353			
10	\$ 21,539	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 3,855	\$ 5,808	\$ 8,689			
15	\$ 35,922	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 5,486	\$ 9,848	\$ 17,842			
20	\$ 53,422	\$ 250,000	\$ 250,000	\$ 250,000	
\$ 4,390	\$ 12,038	\$ 30,071			
25	\$ 74,713	\$ 0 (2)	\$ 250,000	\$ 250,000	
\$ 0 (2)	\$ 9,736	\$ 45,741			
30	\$ 100,616	\$ 0	\$ 0 (2)	\$ 250,000	
\$ 0	\$ 0 (2)	\$ 64,932			

35	\$	132,132	\$	0	\$	0	\$	250,000
\$	0	\$	0	\$	86,817			
40	\$	170,476	\$	0	\$	0	\$	250,000
\$	0	\$	0	\$	109,735			
45	\$	217,127	\$	0	\$	0	\$	250,000
\$	0	\$	0	\$	129,316			

- (1) Assumes no Contract Loan has been made.
- (2) Based on a gross return of 0%, the Contract would go into default in policy year 25, unless an additional premium payment was made. Based on a gross return of 6%, the Contract would go into default in policy year 30, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T4

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
GUIDLINE PREMIUM TEST  
TYPE A (FIXED) DEATH BENEFIT  
MALE PREFERRED BEST ISSUE AGE 35  
\$250,000 BASIC INSURANCE AMOUNT  
ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS FOR ALL YEARS  
USING CURRENT CHARGES

<TABLE>  
<CAPTION>

Death Benefit (1)

Surrender Value (1)

-----	
Assuming Hypothetical Gross (and Net)	Assuming Hypothetical Gross (and Net)
Premiums	Annual Investment Return of
Annual Investment Return of	
End Of Accumulated	-----
-----	

Policy	at 4% Interest	0% Gross	6% Gross	12% Gross	6% Gross	12% Gross
0% Gross	6% Gross	0% Gross	6% Gross	12% Gross	6% Gross	12% Gross
Year	Per Year	(-1.14% Net)	(4.86% Net)	(-1.14% Net)	(4.86% Net)	(10.86% Net)
(-1.14% Net)	(4.86% Net)	(-1.14% Net)	(4.86% Net)	(10.86% Net)	(4.86% Net)	(10.86% Net)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>	<C>
1	\$ 1,794	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	\$ 3,660	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 0	\$ 0	\$ 122	\$ 122	\$ 122	\$ 122	\$ 122
3	\$ 5,600	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 812	\$ 1,169	\$ 1,560	\$ 1,560	\$ 1,560	\$ 1,560	\$ 1,560
4	\$ 7,618	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 1,872	\$ 2,463	\$ 3,134	\$ 3,134	\$ 3,134	\$ 3,134	\$ 3,134
5	\$ 9,717	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 2,923	\$ 3,811	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859
6	\$ 11,900	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 4,381	\$ 5,645	\$ 7,193	\$ 7,193	\$ 7,193	\$ 7,193	\$ 7,193
7	\$ 14,170	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 5,823	\$ 7,558	\$ 9,759	\$ 9,759	\$ 9,759	\$ 9,759	\$ 9,759
8	\$ 16,530	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 7,247	\$ 9,550	\$ 12,580	\$ 12,580	\$ 12,580	\$ 12,580	\$ 12,580
9	\$ 18,986	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 8,651	\$ 11,624	\$ 15,681	\$ 15,681	\$ 15,681	\$ 15,681	\$ 15,681
10	\$ 21,539	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 10,034	\$ 13,783	\$ 19,091	\$ 19,091	\$ 19,091	\$ 19,091	\$ 19,091
15	\$ 35,922	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 16,132	\$ 25,554	\$ 41,747	\$ 41,747	\$ 41,747	\$ 41,747	\$ 41,747
20	\$ 53,422	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 21,107	\$ 39,633	\$ 78,873	\$ 78,873	\$ 78,873	\$ 78,873	\$ 78,873
25	\$ 74,713	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
\$ 24,463	\$ 56,206	\$ 140,361	\$ 140,361	\$ 140,361	\$ 140,361	\$ 140,361
30	\$ 100,616	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 297,333
\$ 25,549	\$ 75,496	\$ 243,716	\$ 243,716	\$ 243,716	\$ 243,716	\$ 243,716
35	\$ 132,132	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 482,861
\$ 23,749	\$ 98,153	\$ 416,259	\$ 416,259	\$ 416,259	\$ 416,259	\$ 416,259
40	\$ 170,476	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 752,788
\$ 16,836	\$ 124,378	\$ 703,540	\$ 703,540	\$ 703,540	\$ 703,540	\$ 703,540
45	\$ 217,127	\$ 250,000 (2)	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,242,808
\$ 1,417 (2)	\$ 155,187	\$ 1,183,627	\$ 1,183,627	\$ 1,183,627	\$ 1,183,627	\$ 1,183,627

</TABLE>

(1) Assumes no Contract Loan has been made.

(2) Based on a gross return of 0%, the Contract would go into default in policy year 46, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of

past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T5

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
 GUIDELINE PREMIUM TEST  
 TYPE A (FIXED) DEATH BENEFIT  
 MALE PREFERRED BEST ISSUE AGE 35  
 \$250,000 BASIC INSURANCE AMOUNT  
 ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS IN ALL YEARS  
 USING MAXIMUM CHARGES

<TABLE>  
 <CAPTION>

Surrender Value (1) Death Benefit (1)

Assuming Hypothetical Gross (and Net) Premiums		Assuming Hypothetical Gross (and Net) Annual Investment Return of			
End Of	Annual Investment Return of Accumulated	0% Gross (-1.34% Net)	6% Gross (4.66% Net)	12% Gross (10.66% Net)	12% Gross (10.66% Net)
Policy	at 4% Interest	0% Gross	6% Gross	12% Gross	12% Gross
Year	Per Year	(-1.34% Net)	(4.66% Net)	(10.66% Net)	(10.66% Net)
1	\$ 1,794	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
2	\$ 3,660	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
3	\$ 5,600	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
4	\$ 7,618	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
5	\$ 9,717	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

\$	823	\$	1,375	\$	2,039				
\$	6	\$	11,900	\$	250,000	\$	250,000	\$	250,000
\$	1,762	\$	2,528	\$	3,484				
\$	7	\$	14,170	\$	250,000	\$	250,000	\$	250,000
\$	2,650	\$	3,683	\$	5,019				
\$	8	\$	16,530	\$	250,000	\$	250,000	\$	250,000
\$	3,483	\$	4,838	\$	6,653				
\$	9	\$	18,986	\$	250,000	\$	250,000	\$	250,000
\$	4,259	\$	5,987	\$	8,391				
\$	10	\$	21,539	\$	250,000	\$	250,000	\$	250,000
\$	4,973	\$	7,128	\$	10,240				
\$	15	\$	35,922	\$	250,000	\$	250,000	\$	250,000
\$	6,655	\$	11,677	\$	20,653				
\$	20	\$	53,422	\$	250,000	\$	250,000	\$	250,000
\$	5,518	\$	14,408	\$	34,882				
\$	25	\$	74,713	\$	250,000	\$	250,000	\$	250,000
\$	0	\$	12,865	\$	54,135				
\$	30	\$	100,616	\$	250,000	\$	250,000	\$	250,000
\$	0	\$	2,026	\$	80,056				
\$	35	\$	132,132	\$	0(2)	\$	0(2)	\$	250,000
\$	0(2)	\$	0(2)	\$	115,594				
\$	40	\$	170,476	\$	0	\$	0	\$	250,000
\$	0	\$	0	\$	169,670				
\$	45	\$	217,127	\$	0	\$	0	\$	285,542
\$	0	\$	0	\$	271,945				

</TABLE>

(1) Assumes no Contract Loan has been made.

(2) Based on a gross return of 0%, the Contract would go into default in policy year 31, unless an additional premium payment was made. Based on a gross return of 6%, the Contract would go into default in policy year 31, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

CASH VALUE ACCUMULATION TEST  
 TYPE B (VARIABLE) DEATH BENEFIT  
 MALE PREFERRED BEST ISSUE AGE 35  
 \$250,000 BASIC INSURANCE AMOUNT  
 ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS FOR ALL YEARS  
 USING CURRENT CHARGES

<TABLE>  
 <CAPTION>

Surrender Value (1) Death Benefit (1)

Assuming Hypothetical Gross (and Net) Annual Investment Return of		Assuming Hypothetical Gross (and Net) Premiums		Assuming Hypothetical Gross (and Net) Annual Investment Return of				
End Of	Accumulated	at 4% Interest	6% Interest	0% Gross	6% Gross	12% Gross		
Policy	Year	Per Year	Per Year	(-1.14% Net)	(4.86% Net)	(10.86% Net)		
0% Gross	0% Gross	6% Gross	6% Gross	12% Gross	12% Gross	12% Gross		
(-1.14% Net)	(-1.14% Net)	(4.86% Net)	(4.86% Net)	(10.86% Net)	(4.86% Net)	(10.86% Net)		
1	\$	1,794	\$	250,749	\$	250,818	\$	250,887
2	\$	3,660	\$	251,489	\$	251,675	\$	251,869
3	\$	5,600	\$	252,363	\$	252,720	\$	253,110
4	\$	7,618	\$	253,227	\$	253,817	\$	254,486
5	\$	9,717	\$	254,080	\$	254,966	\$	256,010
6	\$	11,900	\$	255,340	\$	256,600	\$	258,143
7	\$	14,170	\$	256,583	\$	258,312	\$	260,505
8	\$	16,530	\$	257,807	\$	260,101	\$	263,118
9	\$	18,986	\$	259,010	\$	261,971	\$	266,008
10	\$	21,539	\$	260,191	\$	263,922	\$	269,202
15	\$	35,922	\$	266,031	\$	275,374	\$	291,424
20	\$	53,422	\$	270,867	\$	289,124	\$	327,760
20,867	\$	39,124	\$	77,760	\$		\$	



25	\$ 74,713	\$ 273,915	\$ 304,809	\$ 386,600
\$ 23,915	\$ 54,809	\$ 136,600		
30	\$ 100,616	\$ 274,436	\$ 321,973	\$ 481,993
\$ 24,436	\$ 71,973	\$ 231,993		
35	\$ 132,132	\$ 271,786	\$ 340,116	\$ 637,579
\$ 21,786	\$ 90,116	\$ 387,579		
40	\$ 170,476	\$ 263,747	\$ 356,761	\$ 890,871
\$ 13,747	\$ 106,761	\$ 640,871		
45	\$ 217,127	\$ 0(2)	\$ 367,962(2)	\$ 1,346,771
\$ 0(2)	\$ 117,962(2)	\$ 1,052,165		

</TABLE>

- (1) Assumes no Contract Loan has been made.
- (2) Based on a gross return of 0%, the Contract would go into default in policy year 45, unless an additional premium payment was made. Based on a gross return of 6%, the Contract would go into default in policy year 63, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T7

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
 CASH VALUE ACCUMULATION TEST  
 TYPE B (VARIABLE) DEATH BENEFIT  
 MALE PREFERRED BEST ISSUE AGE 35  
 \$250,000 BASIC INSURANCE AMOUNT  
 ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS FOR ALL YEARS  
 USING MAXIMUM CHARGES

<TABLE>  
<CAPTION>

Surrender Value (1) Death Benefit (1)  
 -----  
 -----

Assuming Hypothetical Gross (and Net)  
 Assuming Hypothetical Gross (and Net)

End Of Policy Year (-1.34% Net)	Annual Investment Return of Accumulated		Annual Investment Return of		
	at 4% Interest 6% Gross Per Year (4.66% Net)	0% Gross 12% Gross (-1.34% Net) (10.66% Net)	6% Gross (4.66% Net)	12% Gross (10.66% Net)	
<S>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>
1	\$ 1,794	\$ 250,389	\$ 250,443	\$ 250,498	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
2	\$ 3,660	\$ 250,751	\$ 250,884	\$ 251,026	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
3	\$ 5,600	\$ 251,197	\$ 251,438	\$ 251,705	
\$ 0	\$ 0	\$ 149	\$ 0	\$ 0	
4	\$ 7,618	\$ 251,605	\$ 251,984	\$ 252,422	
\$ 244	\$ 624	\$ 1,061	\$ 0	\$ 0	
5	\$ 9,717	\$ 251,973	\$ 252,521	\$ 253,178	
\$ 806	\$ 1,354	\$ 2,012	\$ 0	\$ 0	
6	\$ 11,900	\$ 252,710	\$ 253,469	\$ 254,415	
\$ 1,738	\$ 2,497	\$ 3,443	\$ 0	\$ 0	
7	\$ 14,170	\$ 253,394	\$ 254,415	\$ 255,736	
\$ 2,616	\$ 3,638	\$ 4,958	\$ 0	\$ 0	
8	\$ 16,530	\$ 254,021	\$ 255,357	\$ 257,147	
\$ 3,438	\$ 4,774	\$ 6,564	\$ 0	\$ 0	
9	\$ 18,986	\$ 254,588	\$ 256,289	\$ 258,654	
\$ 4,199	\$ 5,901	\$ 8,265	\$ 0	\$ 0	
10	\$ 21,539	\$ 255,091	\$ 257,206	\$ 260,261	
\$ 4,896	\$ 7,012	\$ 10,067	\$ 0	\$ 0	
15	\$ 35,922	\$ 256,448	\$ 261,298	\$ 269,951	
\$ 6,448	\$ 11,298	\$ 19,951	\$ 0	\$ 0	
20	\$ 53,422	\$ 255,110	\$ 263,444	\$ 282,604	
\$ 5,110	\$ 13,444	\$ 32,604	\$ 0	\$ 0	
25	\$ 74,713	\$ 0(2)	\$ 260,822	\$ 297,491	
\$ 0(2)	\$ 10,822	\$ 47,491	\$ 0	\$ 0	
30	\$ 100,616	\$ 0	\$ 0(2)	\$ 311,983	
\$ 0	\$ 0(2)	\$ 61,983	\$ 0	\$ 0	
35	\$ 132,132	\$ 0	\$ 0	\$ 318,586	
\$ 0	\$ 0	\$ 68,586	\$ 0	\$ 0	
40	\$ 170,476	\$ 0	\$ 0	\$ 300,709	
\$ 0	\$ 0	\$ 50,709	\$ 0	\$ 0	
45	\$ 217,127	\$ 0	\$ 0	\$ 0	
0(2)	\$ 0	\$ 0	\$ 0(2)	\$ 0	

</TABLE>

(1) Assumes no Contract Loan has been made.

(2) Based on a gross return of 0%, the Contract would go into default in policy

year 25, unless an additional premium payment was made. Based on a gross return of 6%, the Contract would go into default in policy year 30, unless an additional premium payment was made. Based on a gross return of 12%, the Contract would go into default in policy year 44, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T8

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
 CASH VALUE ACCUMULATION TEST  
 TYPE C (RETURN OF PREMIUM) DEATH BENEFIT  
 MALE PREFERRED BEST ISSUE AGE 35  
 \$250,000 BASIC INSURANCE AMOUNT  
 ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS FOR ALL YEARS  
 USING CURRENT CHARGES

<TABLE>  
 <CAPTION>

	Surrender Value (1)	Death Benefit (1)		
	-----	-----		
		Assuming Hypothetical Gross (and Net)		
	Assuming Hypothetical Gross (and Net)			
	Premiums	Annual Investment Return of		
End Of	Annual Investment Return of	-----		
	Accumulated			
	-----	-----		
Policy	at 4% Interest	0% Gross	6% Gross	12% Gross
0% Gross	6% Gross	12% Gross		
Year	Per Year	(-1.14% Net)	(4.86% Net)	(10.86% Net)
(-1.14% Net)	(4.86% Net)	(10.86% Net)		
	-----	-----		
	-----	-----		
<S>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>
1	\$ 1,794	\$ 251,725	\$ 251,725	\$ 251,725

\$	0	\$	0	\$	0			
2	\$	3,660	\$	253,450	\$	253,450	\$	253,450
\$	0	\$	0	\$	118			
3	\$	5,600	\$	255,175	\$	255,175	\$	255,175
\$	805	\$	1,162	\$	1,552			
4	\$	7,618	\$	256,900	\$	256,900	\$	256,900
\$	1,861	\$	2,451	\$	3,120			
5	\$	9,717	\$	258,625	\$	258,625	\$	258,625
\$	2,906	\$	3,792	\$	4,837			
6	\$	11,900	\$	260,350	\$	260,350	\$	260,350
\$	4,357	\$	5,618	\$	7,162			
7	\$	14,170	\$	262,075	\$	262,075	\$	262,075
\$	5,791	\$	7,520	\$	9,715			
8	\$	16,530	\$	263,800	\$	263,800	\$	263,800
\$	7,205	\$	9,500	\$	12,520			
9	\$	18,986	\$	265,525	\$	265,525	\$	265,525
\$	8,598	\$	11,560	\$	15,603			
10	\$	21,539	\$	267,250	\$	267,250	\$	267,250
\$	9,968	\$	13,702	\$	18,990			
15	\$	35,922	\$	275,875	\$	275,875	\$	275,875
\$	15,965	\$	25,331	\$	41,440			
20	\$	53,422	\$	284,500	\$	284,500	\$	284,500
\$	20,717	\$	39,084	\$	78,056			
25	\$	74,713	\$	293,125	\$	293,125	\$	293,125
\$	23,549	\$	54,883	\$	138,267			
30	\$	100,616	\$	301,750	\$	301,750	\$	411,301
\$	23,543	\$	72,491	\$	237,746			
35	\$	132,132	\$	310,375	\$	310,375	\$	616,187
\$	19,723	\$	91,833	\$	400,122			
40	\$	170,476	\$	319,000	\$	319,000	\$	922,484
\$	8,901	\$	111,391	\$	663,657			
45	\$	217,127	\$	0(2)	\$	327,625(2)	\$	1,394,515
\$	0(2)	\$	128,827(2)	\$	1,089,465			

</TABLE>

(1) Assumes no Contract Loan has been made.

(2) Based on a gross return of 0%, the Contract would go into default in policy year 43, unless an additional premium payment was made. Based on a gross return of 6%, the Contract would go into default in policy year 64, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New

Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

T9

PRULIFE CUSTOM PREMIER VARIABLE UNIVERSAL LIFE  
 CASH VALUE ACCUMULATION TEST  
 TYPE C (RETURN OF PREMIUM) DEATH BENEFIT  
 MALE PREFERRED BEST ISSUE AGE 35  
 \$250,000 BASIC INSURANCE AMOUNT  
 ASSUME PAYMENT OF \$1,725 ANNUAL PREMIUMS FOR ALL YEARS  
 USING MAXIMUM CHARGES

<TABLE>  
 <CAPTION>

Surrender Value (1)		Death Benefit (1)			
-----					
Assuming Hypothetical Gross (and Net)					
Assuming Hypothetical Gross (and Net)		Assuming Hypothetical Gross (and Net)			
Annual Investment Return of		Premiums		Annual Investment Return of	
End Of	Accumulated	-----			
-----					
Policy	at 4% Interest	0% Gross	6% Gross	12% Gross	
0% Gross	6% Gross	12% Gross			
Year	Per Year	(-1.34% Net)	(4.66% Net)	(10.66% Net)	
(-1.34% Net)	(4.66% Net)	(10.66% Net)			
-----					
<S>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>
1	\$ 1,794	\$ 251,725	\$ 251,725	\$ 251,725	\$ 251,725
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	\$ 3,660	\$ 253,450	\$ 253,450	\$ 253,450	\$ 253,450
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
3	\$ 5,600	\$ 255,175	\$ 255,175	\$ 255,175	\$ 255,175
\$ 0	\$ 0	\$ 137	\$ 137	\$ 137	\$ 137
4	\$ 7,618	\$ 256,900	\$ 256,900	\$ 256,900	\$ 256,900
\$ 222	\$ 602	\$ 1,038	\$ 1,038	\$ 1,038	\$ 1,038
5	\$ 9,717	\$ 258,625	\$ 258,625	\$ 258,625	\$ 258,625
\$ 771	\$ 1,318	\$ 1,975	\$ 1,975	\$ 1,975	\$ 1,975
6	\$ 11,900	\$ 260,350	\$ 260,350	\$ 260,350	\$ 260,350
\$ 1,687	\$ 2,443	\$ 3,387	\$ 3,387	\$ 3,387	\$ 3,387
7	\$ 14,170	\$ 262,075	\$ 262,075	\$ 262,075	\$ 262,075
\$ 2,545	\$ 3,562	\$ 4,880	\$ 4,880	\$ 4,880	\$ 4,880
8	\$ 16,530	\$ 263,800	\$ 263,800	\$ 263,800	\$ 263,800
\$ 3,342	\$ 4,672	\$ 6,458	\$ 6,458	\$ 6,458	\$ 6,458

9	\$	18,986	\$	265,525	\$	265,525	\$	265,525
\$	4,073	\$	5,766	\$	8,126			
10	\$	21,539	\$	267,250	\$	267,250	\$	267,250
\$	4,735	\$	6,839	\$	9,888			
15	\$	35,922	\$	275,875	\$	275,875	\$	275,875
\$	5,979	\$	10,794	\$	19,469			
20	\$	53,422	\$	284,500	\$	284,500	\$	284,500
\$	3,909	\$	12,168	\$	31,603			
25	\$	74,713	\$	0(2)	\$	293,125	\$	293,125
\$	0(2)	\$	7,626	\$	45,801			
30	\$	100,616	\$	0	\$	0(2)	\$	301,750
\$	0	\$	0(2)	\$	59,740			
35	\$	132,132	\$	0	\$	0	\$	310,375
\$	0	\$	0	\$	66,238			
40	\$	170,476	\$	0	\$	0	\$	319,000
\$	0	\$	0	\$	45,386			
45	\$	217,127	\$	0	\$	0	\$	
0(2)	\$	0	\$	0	\$	0(2)		

(1) Assumes no Contract Loan has been made.

(2) Based on a gross return of 0%, the Contract would go into default in policy year 24, unless an additional premium payment was made. Based on a gross return of 6%, the Contract would go into default in policy year 28, unless an additional premium payment was made. Based on a gross return of 12%, the Contract would go into default in policy year 43, unless an additional premium payment was made.

The hypothetical investment rates of return shown above and elsewhere in this prospectus are illustrative only and should not be deemed a representation of past or future investment rates of return. Actual rates of return may be more or less than those shown and will depend on a number of factors including the investment allocations made by an owner, prevailing interest rates, and rates of inflation. The death benefit and cash surrender value for a contract would be different from those shown if the actual rates of return averaged 0%, 6%, 12% over a period of years, but also fluctuated above or below those averages for individual contract years. No representations can be made by Pruco Life of New Jersey or the Series Fund that these hypothetical rates of return can be achieved for any one year or sustained over any period of time.

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#### Contract Loans

You may borrow from Pruco Life of New Jersey an amount up to the current loan value of your Contract less any existing Contract debt using the Contract as the only security for the loan. The loan value at any time is equal to the sum of (1) 90% of the portion of the cash value attributable to the variable investment

options, and (2) the balance of the cash value. The cash value is equal to the Contract Fund less any surrender charge. A Contract in default has no loan value. The minimum loan amount you may borrow is \$500.

Interest charged on a loan accrues daily. Interest is due on each Contract anniversary or when the loan is paid back, whichever comes first. If interest is not paid when due, it becomes part of the loan and we will charge interest on it, too. Except in the case of preferred loans, we charge interest at an effective annual rate of 5%.

A portion of any amount you borrow on or after the 10th Contract anniversary may be considered a preferred loan. The maximum preferred loan amount is the total amount you may borrow minus the total net premiums paid (net premiums equal premiums paid less total withdrawals, if any). If the net premium amount is less than zero, we will, for purposes of this calculation, consider it to be zero. Only new loans borrowed after the 10th Contract anniversary may be considered preferred loans. Standard loans will not automatically be converted into preferred loans. Preferred loans are charged interest at an effective annual rate of 4.10%.

The Contract debt is the amount of all outstanding loans plus any interest accrued but not yet due. If at any time the Contract debt equals or exceeds the Contract Fund less any applicable surrender charges, the Contract will go into default. If the Contract debt equals or exceeds the Contract Fund less any applicable surrender charges and you fail to keep the Contract in-force, the amount of unpaid Contract debt will be treated as a distribution and will be immediately taxable to the extent of gain in the Contract. Reinstatement of the Contract after lapse will not eliminate the taxable income which we are required to report to the Internal Revenue Service. See Lapse and Reinstatement, page 31 and Tax Treatment of Contract Benefits -- Pre-Death Distributions, page 37.

When a loan is made, an amount equal to the loan proceeds is transferred out of the Account and/or the fixed-rate option, as applicable. Unless you ask us to take the loan amount from specific investment options and we agree, the reduction will be made in the same proportions as the value in each variable investment option and the fixed-rate option bears to the total value of the Contract. While a loan is outstanding, the amount that was so transferred will continue to be treated as part of the Contract Fund. It will be credited with an effective annual rate of return of 4%. On each Monthly date, we will increase the portion of the Contract Fund in the investment options by interest credits accrued on the loan since the last Monthly date. The net cost of a standard loan is 1% and the net cost of a preferred loan is 0.10%.

A loan will not cause the Contract to lapse as long as Contract debt does not equal or exceed the Contract Fund, less any applicable surrender charges. Loans from Modified Endowment Contracts may be treated for tax purposes as distributions of income. See Tax Treatment of Contract Benefits, page 37.

Any Contract debt will directly reduce a Contract's cash surrender value and will be subtracted from the death benefit to determine the amount payable. In addition, even if the loan is fully repaid, it may have an effect on future

death benefits because the investment results of the selected investment options will apply only to the amount remaining invested under those options. The longer the loan is outstanding, the greater the effect is likely to be. The effect could be favorable or unfavorable. If investment results are greater than the rate being credited on the amount of the loan while the loan is outstanding, values under the Contract will not increase as rapidly as they would have if no loan had been made. If investment results are below that rate, Contract values will be higher than they would have been had no loan been made.

When you repay all or part of a loan, we will increase the portion of the Contract Fund in the investment options by the amount of the loan you repay using the investment allocation for future premium payments as of the loan payment date, plus interest credits accrued on the loan since the last transaction date. If loan interest is paid when due, it will not change the portion of the Contract Fund allocated to the investment options. We reserve the right to change the manner in which we allocate loan repayments.

#### Tax Treatment of Contract Benefits

This summary provides general information on the federal income tax treatment of the Contract. It is not a complete statement of what the federal income taxes will be in all circumstances. It is based on current law and interpretations, which may change. It does not cover state taxes or other taxes. It is not intended as tax advice. You should consult your own qualified tax adviser for complete information and advice.

**Treatment as Life Insurance.** The Contract must meet certain requirements to qualify as life insurance for tax purposes. These requirements include certain definitional tests and rules for diversification of the Contract's investments. For further information on the diversification requirements, see Taxation of the Fund in the statement of additional information for the Series Fund.

In order to meet the definition of life insurance rules for federal income tax purposes, the Contract must satisfy one of the two following tests: (1) Cash Value Accumulation Test or (2) Guideline Premium Test. At issue, the Contract owner chooses which of these two tests will apply to their Contract. This choice cannot be changed thereafter.

Under the Cash Value Accumulation Test, the Contract must maintain a minimum ratio of death benefit to cash value. Therefore, in order to ensure that the Contract qualifies as life insurance, the Contract's death benefit may increase as the Contract Fund value increases. The death benefit, at all times, must be at least equal to the Contract Fund multiplied by the applicable attained age factor. A listing of attained age factors can be found on your Contract data pages.

Under the Guideline Premium Test, there is a limit as to the amount of premium



that can be paid into the Contract in relation to the death benefit. In addition, there is a minimum ratio of death benefit to cash value associated with this test. This ratio, however, is less than the required ratio under the Cash Value Accumulation test. Therefore, the death benefit required under this test is generally lower than that of the Cash Value Accumulation test.

The selection of the definition of life insurance test most appropriate for you is dependent on several factors, including the insured's age at issue, actual Contract earnings, and whether or not the Contract is classified as a Modified Endowment Contract. You should consult your own qualified tax adviser for complete information and advice with respect to the selection of the definition of life insurance test.

We believe we have taken adequate steps to insure that the Contract qualifies as life insurance for tax purposes. Generally speaking, this means that:

- o you will not be taxed on the growth of the funds in the Contract, unless you receive a distribution from the Contract,
- o the Contract's death benefit will be income tax free to your beneficiary.

Although we believe that the Contract should qualify as life insurance for tax purposes, there are some uncertainties, particularly because the Secretary of Treasury has not yet issued permanent regulations that bear on this question. Accordingly, we reserve the right to make changes -- which will be applied uniformly to all Contract owners after advance written notice -- that we deem necessary to insure that the Contract will qualify as life insurance.

Pre-Death Distributions. The tax treatment of any distribution you receive before the insured's death depends on whether the Contract is classified as a Modified Endowment Contract.

#### Contracts Not Classified as Modified Endowment Contracts.

- o If you surrender the Contract or allow it to lapse, you will be taxed on the amount you receive in excess of the premiums you paid less the untaxed portion of any prior withdrawals. For this purpose, you will be treated as receiving any portion of the cash surrender value used to repay Contract debt. In other words, you will immediately have taxable income to the extent of gain in the Contract. Reinstatement of the Contract after lapse will not eliminate the taxable income which we are required to report to the Internal Revenue Service. The tax consequences of a surrender may differ if you take the proceeds under an income payment settlement option.

- o Generally, you will be taxed on a withdrawal to the extent the amount

you receive exceeds the premiums you paid for the Contract less the untaxed portion of any prior withdrawals. However, under some limited circumstances, in the first 15 Contract years, all or a portion of a withdrawal may be taxed if the Contract Fund exceeds the total premiums paid less the untaxed portions of any prior withdrawals, even if total withdrawals do not exceed total premiums paid.

- o Extra premiums for optional benefits and riders generally do not count in computing the premiums paid for the Contract for the purposes of determining whether a withdrawal is taxable.
- o Loans you take against the Contract are ordinarily treated as debt and are not considered distributions subject to tax. However, you should know that the Internal Revenue Service may take the position that the preferred loan should be treated as a distribution for tax purposes because of the relatively low differential between the loan interest rate and Contract's crediting rate. Were the Internal Revenue Service to take this position, Pruco Life of New Jersey would take reasonable steps to avoid this result, including modifying the Contract's loan provisions.

#### Modified Endowment Contracts.

- o The rules change if the Contract is classified as a Modified Endowment Contract. The Contract could be classified as a Modified Endowment Contract if premiums in amounts that are too large are paid or a decrease in the face amount of insurance is made (or a rider removed). The addition of a rider or an increase in the face amount of insurance may also cause the Contract to be classified as a Modified Endowment Contract. You should first consult a qualified tax adviser and your Pruco Life of New Jersey representative if you are contemplating any of these steps.
- o If the Contract is classified as a Modified Endowment Contract, then amounts you receive under the Contract before the insured's death, including loans and withdrawals, are included in income to the extent that the Contract Fund before surrender charges exceeds the premiums paid for the Contract increased by the amount of any loans previously included in income and reduced by any untaxed amounts previously received other than the amount of any loans excludible from income. An assignment of a Modified Endowment Contract is taxable in the same way. These rules also apply to pre-death distributions, including loans and assignments, made during the two-year period before the time that the Contract became a Modified Endowment Contract.
- o Any taxable income on pre-death distributions (including full surrenders) is subject to a penalty of 10 percent unless the amount is received on or after age 59 1/2, on account of your becoming disabled or as a life annuity. It is presently unclear how the penalty tax provisions apply to Contracts owned by businesses.

- o All Modified Endowment Contracts issued by us to you during the same calendar year are treated as a single Contract for purposes of applying these rules.

Investor Control. Treasury Department regulations do not provide guidance concerning the extent to which you may direct your investment in the particular variable investment options without causing you, instead of Pruco Life of New Jersey, to be considered the owner of the underlying assets. Because of this uncertainty, Pruco Life of New Jersey reserves the right to make such changes as it deems necessary to assure that the Contract qualifies as life insurance for tax purposes. Any such changes will apply uniformly to affected Contract owners and will be made with such notice to affected Contract owners as is feasible under the circumstances.

Withholding. You must affirmatively elect that no taxes be withheld from a pre-death distribution. Otherwise, the taxable portion of any amounts you receive will be subject to withholding. You are not permitted to elect out of withholding if you do not provide a social security number or other taxpayer identification number. You may be subject to penalties under the estimated tax payment rules if your withholding and estimated tax payments are insufficient to cover the tax due.

Other Tax Considerations. If you transfer or assign the Contract to someone else, there may be gift, estate and/or income tax consequences. If you transfer the Contract to a person two or more generations younger than you (or designate such a younger person as a beneficiary), there may be Generation Skipping Transfer tax consequences.

Deductions for interest paid or accrued on Contract debt or on other loans that are incurred or continued to purchase or carry the Contract may be denied. Your individual situation or that of your beneficiary will determine the federal estate taxes and the state and local estate, inheritance and other taxes due if you or the insured dies.

Business-Owned Life Insurance. If a business, rather than an individual, is the owner of the Contract, there are some additional rules. Business Contract owners generally cannot deduct premium payments. Business Contract owners generally cannot take tax deductions for interest on Contract debt paid or accrued after October 13, 1995. An exception permits the deduction of interest on policy loans on Contracts for up to 20 key persons. The interest deduction for Contract debt on these loans is limited to a prescribed interest rate and a maximum aggregate loan amount of \$50,000 per key insured person. The corporate alternative minimum tax also applies to business-owned life insurance. This is an indirect tax on additions to the Contract Fund or death benefits received under business-owned life insurance policies.

## Legal Considerations Relating to Sex-Distinct Premiums and Benefits

The Contract generally employs mortality tables that distinguish between males and females. Thus, premiums and benefits differ under Contracts issued on males and females of the same age. However, in those states that have adopted regulations prohibiting sex-distinct insurance rates, premiums and cost of insurance charges will be based on male rates, whether the insureds are male or female. In addition, employers and employee organizations considering purchase of a Contract should consult their legal advisers to determine whether purchase of a Contract based on sex-distinct actuarial tables is consistent with Title VII of the Civil Rights Act of 1964 or other applicable law.

## Other General Contract Provisions

**Assignment.** This Contract may not be assigned if the assignment would violate any federal, state or local law or regulation prohibiting sex distinct rates for insurance. Generally, the Contract may not be assigned to an employee benefit plan or program without Pruco Life of New Jersey's consent. Pruco Life of New Jersey assumes no responsibility for the validity or sufficiency of any assignment. We will not be obligated to comply with any assignment unless we receive a copy at a Home Office.

**Beneficiary.** You designate and name your beneficiary in the application. Thereafter, you may change the beneficiary, provided it is in accordance with the terms of the Contract. Should the insured die with no surviving beneficiary, the insured's estate will become the beneficiary.

**Incontestability.** We will not contest the Contract after it has been in-force during the insured's lifetime for two years from the issue date except when any change is made in the Contract that requires Pruco Life of New Jersey's approval and would increase our liability. We will not contest such change after it has been in effect for two years during the lifetime of the insured.

**Misstatement of Age or Sex.** If the insured's stated age or sex or both are incorrect in the Contract, Pruco Life of New Jersey will adjust the death benefits payable and any amount to be paid, as required by law, to reflect the correct age and sex. Any such benefit will be based on what the most recent deductions from the Contract Fund would have provided at the insured's correct age and sex.

**Settlement Options.** The Contract grants to most owners, or to the beneficiary, a variety of optional ways of receiving Contract proceeds, other than in a lump sum. Any Pruco Life of New Jersey representative authorized to sell this Contract can explain these options upon request.

**Suicide Exclusion.** Generally, if the insured, whether sane or insane, dies by suicide within two years from the Contract date, the Contract will end and Pruco Life of New Jersey will return the premiums paid, less any Contract debt, and less any withdrawals. Generally, if the insured, whether sane or insane, dies by suicide after two years from the issue date, but within two years of the

effective date of an increase in the basic insurance amount, we will pay, as to the increase in amount, no more than the sum of the premiums paid on and after the effective date of an increase.

### Substitution of Series Fund Shares

Although Pruco Life of New Jersey believes it to be unlikely, it is possible that in the judgment of its management, one or more of the portfolios of the Funds may become unsuitable for investment by Contract owners because of

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investment policy changes, tax law changes, or the unavailability of shares for investment. In that event, Pruco Life of New Jersey may seek to substitute the shares of another portfolio or of an entirely different mutual fund. Before this can be done, the approval of the SEC, and possibly one or more state insurance departments, may be required. Contract owners will be notified of any such substitution.

### Reports to Contract Owners

Once each year, Pruco Life of New Jersey will send you a statement that provides certain information pertinent to your own Contract. This statement will detail values, transactions made, and specific Contract data that apply only to your particular Contract.

You will also be sent annual and semi-annual reports of the Funds showing the financial condition of the portfolios and the investments held in each portfolio.

### Sale of the Contract and Sales Commissions

Pruco Securities Corporation ("Prusec"), an indirect wholly-owned subsidiary of Prudential, acts as the principal underwriter of the Contract. Prusec, organized in 1971 under New Jersey law, is registered as a broker and dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. Prusec's principal business address is 751 Broad Street, Newark, New Jersey 07102-3777. The Contract is sold by registered representatives of Prusec who are also authorized by state insurance departments to do so. The Contract may also be sold through other broker-dealers authorized by Prusec and applicable law to do so. Registered representatives of such other broker-dealers may be paid on a different basis than described below.

Commissions are based on a premium value referred to as the Commissionable Target Premium. The Commissionable Target Premium may vary from the Target Premium, depending on the issue age and rating class of the insured, any extra risk charges, or additional riders. For Contracts issued on an unrated insured

below age 56, the Commissionable Target Premium is generally equal to what the Target Premium would be for a Type A Contract if the insured was either in the Nonsmoker or Smoker rating class, and there were no extra risk charges or riders on the Contract. For Contracts issued on an unrated insured below age 56 in a more favorable rating class, the Commissionable Target Premium will be greater than the Target Premium, if there are no extra risk charges or riders on the Contract. For Contracts issued on insureds age 56 or greater or with substandard ratings, the Commissionable Target Premium will generally be less than the Target Premium. See Premiums, page 22.

Generally, representatives will receive a commission of no more than: (1) 50% of the premiums received in the first year on premiums up to the Commissionable Target Premium; (2) 4% of premiums received in years two through 10 on premiums up to the Commissionable Target Premium; and (3) 2% on premiums received in the first 10 years in excess of the Commissionable Target Premium. If the basic insurance amount is increased, representatives will generally receive a commission of no more than: (1) 50% of the premiums received up to the Commissionable Target Premium for the increase received in the first year; (2) 4% of the premiums received up to the Commissionable Target Premium for years two through 10; and (3) 2% on other premiums received for the increase. Moreover, trail commissions of up to 0.0625% of the Contract Fund as of the end of each calendar quarter may be paid. Representatives with less than four years of service may receive compensation on a different basis. Representatives who meet certain productivity or persistency standards may be eligible for additional compensation.

#### State Regulation

Pruco Life of New Jersey is subject to regulation and supervision by the Department of Insurance of the State of New Jersey, which periodically examines its operations and financial condition. It is also subject to the insurance laws and regulations of all jurisdictions in which it is authorized to do business.

Pruco Life of New Jersey is required to submit annual statements of its operations, including financial statements, to the insurance departments of the various jurisdictions in which it does business to determine solvency and compliance with local insurance laws and regulations.

In addition to the annual statements referred to above, Pruco Life of New Jersey is required to file with New Jersey and other jurisdictions a separate statement with respect to the operations of all its variable contract accounts, in a form promulgated by the National Association of Insurance Commissioners.

#### Experts

The financial statements of Pruco Life of New Jersey as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000 and

the financial statements of the Account as of December 31, 2000 and for each of the three years in the period then ended included in this prospectus have been so included in reliance on the reports of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting. PricewaterhouseCoopers LLP's principal business address is 1177 Avenue of the Americas, New York, New York 10036.

Actuarial matters included in this prospectus have been examined by Ching Ng, MAAA, FSA, Director and Actuary of Prudential, whose opinion is filed as an exhibit to the registration statement.

#### Litigation and Regulatory Proceedings

We are subject to legal and regulatory actions in the ordinary course of our businesses, including class actions. Pending legal and regulatory actions include proceedings specific to our practices and proceedings generally applicable to business practices in the industries in which we operate. In certain of these lawsuits, large and/or indeterminate amounts are sought, including punitive or exemplary damages.

Beginning in 1995, regulatory authorities and customers brought significant regulatory actions and civil litigation against Pruco Life of New Jersey and Prudential involving individual life insurance sales practices. In 1996, Prudential, on behalf of itself and many of its life insurance subsidiaries, including Pruco Life of New Jersey, entered into settlement agreements with relevant insurance regulatory authorities and plaintiffs in the principal life insurance sales practices class action lawsuit covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995. Pursuant to the settlements, the companies agreed to various changes to their sales and business practices controls, to a series of fines, and to provide specific forms of relief to eligible class members. Virtually all claims by class members filed in connection with the settlements have been resolved and virtually all aspects of the remediation program have been satisfied.

As of March 31, 2001, Prudential and/or Pruco Life of New Jersey remained a party to approximately 61 individual sales practices actions filed by policyholders who "opted out" of the class action settlement relating to permanent life insurance policies issued in the United States between 1982 and 1995. In addition, there were 48 sales practices actions pending that were filed by policyholders who were members of the class and who failed to "opt out" of the class action settlement. Prudential and Pruco Life of New Jersey believed that those actions are governed by the class settlement release and expects them to be enjoined and/or dismissed. Additional suits may be filed by class members who "opted out" of the class settlements or who failed to "opt out" but nevertheless seek to proceed against Prudential and/or Pruco Life of New Jersey. A number of the plaintiffs in these cases seek large and/or indeterminate amounts, including punitive or exemplary damages. Some of these actions are

brought on behalf of multiple plaintiffs. It is possible that substantial punitive damages might be awarded in any of these actions and particularly in an action involving multiple plaintiffs.

Prudential has indemnified Pruco Life of New Jersey for any liabilities incurred in connection with sales practices litigation covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995.]

As of December 31, 2000 Prudential has paid or reserved for payment of \$4.405 billion before tax, equivalent to \$2.850 billion after tax, to provide for remediation costs, and additional sales practices costs including related administrative costs, regulatory fines, penalties and related payments, litigation costs and settlements, including settlements associated with the resolution of claims of deceptive sales practices asserted by policyholders who elected to "opt-out" of the class action settlement and litigate their claims against Prudential separately, and other fees and expenses associated with the resolution of sales practices issues.

#### Additional Information

Pruco Life of New Jersey has filed a registration statement with the SEC under the Securities Act of 1933, relating to the offering described in this prospectus. This prospectus does not include all the information set forth in the registration statement. Certain portions have been omitted pursuant to the rules and regulations of the SEC. The

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omitted information may, however, be obtained from the SEC's Public Reference Section at 450 Fifth Street, N.W., Washington, D.C. 20549, or by telephoning (800) SEC-0330, upon payment of a prescribed fee.

To reduce costs, we now generally send only a single copy of prospectuses and shareholder reports to each household ("householding"), in lieu of sending a copy to each contract owner that resides in the household. You should be aware that you can revoke or "opt out" of householding at any time by calling 1-877-778-5008.

Further information may also be obtained from Pruco Life of New Jersey. Its address and telephone number are set forth on the inside front cover of this prospectus.

#### Financial Statements

The financial statements of the Account should be distinguished from the financial statements of Pruco Life of New Jersey, which should be considered only as bearing upon the ability of Pruco Life of New Jersey to meet its



DIRECTORS AND OFFICERS

The directors and major officers of Pruco Life of New Jersey, listed with their principal occupations during the past 5 years, are shown below.

DIRECTORS OF PRUCO LIFE OF NEW JERSEY

JAMES J. AVERY, JR., Vice Chairman and Director - President, Prudential Individual Life Insurance since 1998; 1997 to 1998: Senior Vice President, Chief Actuary and CFO, Prudential Individual Insurance Group; prior to 1997: President, Prudential Select.

VIVIAN L. BANTA, President, Chairman, and Director - Executive Vice President, Individual Financial Services, U.S. Consumer Group since 2000; 1998 to 1999: Consultant, Individual Financial Services; 1997 to 1998: Consultant, Morgan Stanley; prior to 1997: Executive Vice President, Global Investor Service, The Chase Manhattan Bank.

RICHARD J. CARBONE, Director - Senior Vice President and Chief Financial Officer since 1997; prior to 1997: Controller, Salomon Brothers.

HELEN M. GALT, Director - Company Actuary, Prudential since 1993.

JEAN D. HAMILTON, Director - Executive Vice President, Prudential Institutional since 1998; prior to 1998: President, Diversified Group.

RONALD P. JOELSON, Director - Senior Vice President, Prudential Asset, Liability and Risk Management since 1999; 1996 to 1999: President, Guaranteed Products, Prudential Institutional.

DAVID R. ODENATH, JR., Director - President, Prudential Investments since 1999; prior to 1999: Senior Vice President and Director of Sales, Investment Consulting Group, PaineWebber.

OFFICERS WHO ARE NOT DIRECTORS

C. EDWARD CHAPLIN, Treasurer - Senior Vice President and Treasurer, Prudential since 2000; prior to 2000: Vice President and Treasurer, Prudential.

JAMES C. DROZANOWSKI, Senior Vice President - Vice President, Operations and Systems, Prudential Individual Financial Services since 1998; prior to 1998: Vice President and Operations Executive, Prudential Individual Insurance Group.

THOMAS F. HIGGINS, Senior Vice President - Vice President, Annuity Services,

Prudential Individual Financial Services since 1999; 1998 to 1999: Vice President, Mutual Funds, Prudential Individual Financial Services; prior to 1998: Principal, Mutual Fund Operations, The Vanguard Group.

CLIFFORD E. KIRSCH, Chief Legal Officer and Secretary - Chief Counsel, Variable Products, Prudential Law Department.

ANDREW J. MAKO, Executive Vice President - Vice President, Finance, U.S. Consumer Group since 1999; prior to 1999: Vice President, Business Performance Management Group.

ESTHER H. MILNES, Senior Vice President - Vice President and Chief Actuary, Prudential Individual Life Insurance since 1999; prior to 1999: Vice President and Actuary, Prudential Individual Insurance Group.

JAMES B. O'CONNOR, Senior Vice President and Actuary - Vice President, Guaranteed Products since 2001; 1998 to 2000: Corporate Vice President, Guaranteed Products; prior to 1998: Corporate Actuary, Prudential Investments.

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GERALD W. PATTERSON, Senior Vice President - Senior Vice President, Annuities, Prudential Investments since 1999; 1999: Senior Vice President, Product and Planning, SunAmerica; prior to 1999: Vice President, Marketing, Manulife Financial.

SHIRLEY H. SHAO, Senior Vice President and Chief Actuary - Vice President and Associate Actuary, Prudential since 1996.

WILLIAM J. ECKERT, IV, Vice President and Chief Accounting Officer - Vice President and IFS Controller, Enterprise Financial Management, Prudential since 2000; 1999 to 2000: Vice President and Individual Life Controller, Enterprise Financial Management, Prudential; 1997 to 1999: Vice President, Accounting, Enterprise Financial Management; prior to 1997: Vice President, Accounting, External Financial Reporting.

The business address of all directors and officers of Pruco Life of New Jersey is 213 Washington Street, Newark, New Jersey 07102-2992.

Pruco Life of New Jersey directors and officers are elected annually.

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FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF

STATEMENTS OF NET ASSETS (Unaudited)  
 March 31, 2001

<TABLE>  
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SUBACCOUNTS

	High Yield	Stock	Prudential	Money	Diversified
	Bond	Index	Jennison	Market	Bond
Equity	Bond	Index	Jennison	Market	Bond
Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
<S>				<C>	<C>
<C>	<C>	<C>	<C>		
ASSETS					
Investment in The Prudential Series Fund, Inc.					
Portfolios, at net asset value [Note 3] ...					
\$153,624,323	\$ 34,803,013	\$ 73,052,911	\$ 20,745,103	\$ 7,492,861	\$ 25,087,970
Net Assets				\$ 7,492,861	\$ 25,087,970
\$153,624,323	\$ 34,803,013	\$ 73,052,911	\$ 20,745,103		
NET ASSETS, representing:					
Equity of contract owners [Note 4] ...					
\$153,624,323	\$ 34,803,013	\$ 73,052,911	\$ 20,745,103	\$ 7,492,861	\$ 25,087,970
				\$ 7,492,861	\$ 25,087,970
\$153,624,323	\$ 34,803,013	\$ 73,052,911	\$ 20,745,103		

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF OPERATIONS

For the three months ended March 31, 2001 and the years ended December 31, 2000 and 1999

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SUBACCOUNTS SUBACCOUNTS (Continued)

				Money Market Portfolio		
				Diversified Bond Portfolio		
				1/1/2001 to 3/31/2001 (unaudited)	1/1/2000 to 12/31/2000	
1/1/1999 to 12/31/1999 (unaudited)	1/1/2001 to 3/31/2001 (unaudited)	1/1/2000 to 12/31/2000	1/1/1999 to 12/31/1999 (unaudited)	1/1/2001 to 3/31/2001 (unaudited)	1/1/2000 to 12/31/2000	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<b>INVESTMENT INCOME</b>						
Dividend income .....			\$	102,993	\$	440,102
362,423	\$ 0	\$ 1,453,002	\$	0		\$
<b>EXPENSES</b>						
Charges to contract owners for assuming mortality risk and expense risk [Note 5A]				11,206	43,718	
44,562	36,816	139,022	144,104			
Reimbursement for excess expenses [Note 5D] .....				(538)	(2,905)	
(1,825)	(2,491)	(11,804)	(6,334)			

NET EXPENSES	10,668	40,813
42,737	34,325	127,218
	137,770	
NET INVESTMENT INCOME (LOSS)	92,325	399,289
319,686	(34,325)	1,325,784
	(137,770)	
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Capital gains distributions received	0	0
0	0	2,919
		67,535
Realized gain (loss) on shares redeemed	0	0
0	41,108	53,547
		41,756
Net change in unrealized gain (loss) on investments	0	0
0	953,510	665,982
		(295,317)
NET GAIN (LOSS) ON INVESTMENTS	0	0
0	994,618	722,448
		(186,026)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 92,325	\$ 399,289
319,686	\$ 960,293	\$ 2,048,232
		\$ (323,796)

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

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SUBACCOUNTS (Continued)

High Yield

Bond Portfolio				Equity Portfolio	
1/1/1999	1/1/2001	1/1/2000	1/1/1999	1/1/2001	1/1/2000
to	to	to	to	to	to
12/31/1999	3/31/2001	12/31/2000	12/31/1999	3/31/2001	12/31/2000
(unaudited)			(unaudited)		
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
Dividend income				\$ 0	\$ 3,310,665
3,250,226	\$ 0	\$ 3,549,924	\$ 85,549		\$
EXPENSES					
Charges to contract owners for assuming mortality risk and expense risk [Note 5A]					
1,150,889	45,925	182,255	193,583	247,980	1,052,093
Reimbursement for excess expenses [Note 5D]					
(158,561)	0	0	0	(39,513)	(165,294)
NET EXPENSES					
992,328	45,925	182,255	193,583	208,467	886,799
NET INVESTMENT INCOME (LOSS)					
2,257,898	(45,925)	3,367,669	(108,034)	(208,467)	2,423,866
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Capital gains distributions received					
22,859,279	0	0	0	0	28,254,310
Realized gain (loss) on shares redeemed					
5,681,025	(17,641)	(102,471)	(217,380)	119,293	5,712,248
Net change in unrealized gain (loss) on					

investments .....	(17,372,018)	(31,851,882)
(9,060,032) 1,170,841 (5,925,033) 1,589,321		
-----	-----	-----
NET GAIN (LOSS) ON INVESTMENTS .....	(17,252,725)	2,114,676
19,480,272 1,153,200 (6,027,504) 1,371,941		
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM OPERATIONS .....	\$(17,461,192)	\$ 4,538,542
21,738,170 \$ 1,107,275 \$ (2,659,835) \$ 1,263,907		
=====	=====	=====

<CAPTION>

		Stock Index Portfolio
-----		
1/1/1999	1/1/2001	1/1/2000
to	to	
12/31/1999	3/31/2001	12/31/2000
	(unaudited)	
-----	-----	-----
<S>	<C>	<C>
<C>		
INVESTMENT INCOME		
Dividend income .....	\$ 0	\$ 761,936
\$ 767,914		
-----	-----	-----
EXPENSES		
Charges to contract owners for assuming mortality risk and expense risk [Note 5A].	124,558	521,945
443,707		
Reimbursement for excess expenses [Note 5D] .....	0	0
0		
-----	-----	-----

NET EXPENSES .....	124,558	521,945
443,707		
-----	-----	-----
NET INVESTMENT INCOME (LOSS) .....	(124,558)	239,991
324,207		
-----	-----	-----
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Capital gains distributions received .....	0	3,072,410
976,749		
Realized gain (loss) on shares redeemed .....	271,165	618,918
4,605,818		
Net change in unrealized gain (loss) on investments .....	(10,639,925)	(13,317,734)
8,162,150		
-----	-----	-----
NET GAIN (LOSS) ON INVESTMENTS .....	(10,368,760)	(9,626,406)
13,744,717		
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS .....	\$ (10,493,318)	\$ (9,386,415)
\$ 14,068,924		
	=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

A-3

FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF OPERATIONS

For the three months ended March 31, 2001 and the years ended December 31, 2000  
and 1999

<TABLE>



<CAPTION>

SUBACCOUNTS

-----  
Prudential

Jennison

Portfolio  
-----

1/1/2000

1/1/1999

1/1/2001

to

to

to

12/31/2000

12/31/1999

3/31/2001

(unaudited)  
-----

<S>

<C>

<C>

<C>

INVESTMENT INCOME

Dividend income .....

\$ 0

\$ 21,894

\$ 22,451  
-----

EXPENSES

Charges to contract owners for assuming  
mortality risk and expense risk [Note 5A] .....

41,695

197,538

81,659

Reimbursement for excess expenses  
[Note 5D] .....

0

0

0  
-----

NET EXPENSES .....

41,695

197,538

81,659  
-----

NET INVESTMENT INCOME (LOSS) .....

(41,695)

(175,644)

(59,208)  
-----

NET REALIZED AND UNREALIZED GAIN

(LOSS) ON INVESTMENTS

Capital gains distributions received .....		0
4,317,956	970,020	
Realized gain (loss) on shares redeemed .....		(1,686,408)
22,827	108,823	
Net change in unrealized gain (loss) on investments .....		(3,264,614)
(11,283,218)	4,732,816	
-----	-----	-----
NET GAIN (LOSS) ON INVESTMENTS .....		(4,951,022)
(6,942,435)	5,811,659	
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM OPERATIONS .....		\$ (4,992,717)
\$ (7,118,079)	\$ 5,752,451	
=====	=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

A-4

FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS

For the three months ended March 31, 2001 and the years ended December 31, 2000 and 1999

<TABLE>

<CAPTION>

SUBACCOUNTS

-----		
---		
	Diversified	Money
		Market
	Bond	
		Portfolio
	Portfolio	

1/1/1999	1/1/2001	1/1/2000	1/1/1999	1/1/2001	1/1/2000
to	to	to	to	to	to
12/31/1999	3/31/2001	12/31/2000	12/31/1999	3/31/2001	12/31/2000
				(unaudited)	
(unaudited)					
<S>	<C>	<C>	<C>	<C>	<C>
OPERATIONS					
Net investment income (loss) .....	\$	92,325	\$	399,289	\$
319,686	\$ (34,325)	\$ 1,325,784	\$ (137,770)		
Capital gains distributions received .....		0		0	
0	0	2,919	67,535		
Realized gain (loss) on shares redeemed ....		0		0	
0	41,108	53,547	41,756		
Net change in unrealized gain (loss) on investments.....		0		0	
0	953,510	665,982	(295,317)		
NET INCREASE (DECREASE) IN NET ASSETS					
RESULTING FROM OPERATIONS .....		92,325		399,289	
319,686	960,293	2,048,232	(323,796)		
PREMIUM PAYMENTS AND OTHER OPERATING TRANSFERS					
Contract Owner Net Payments .....		899,437		1,417,335	
18,255	252,711	949,512	485,236		
Policy Loans .....		(28,872)		(451,268)	
(182,692)	(190,078)	(823,629)	(553,832)		
Policy Loan Repayments and Interest .....		39,650		114,450	
204,337	84,309	412,241	509,659		
Surrenders, Withdrawals and Death Benefits .		(141,288)		(530,444)	
(433,849)	(212,734)	(794,828)	(1,188,933)		
Net Transfers From (To) Other Subaccounts or Fixed Rate Option .....		(694,490)		(748,090)	
252,166	(155,631)	(105,737)	(351,534)		
Withdrawal and Other Charges .....		(61,076)		(234,773)	
(231,397)	(139,333)	(535,298)	(571,355)		

NET INCREASE (DECREASE) IN NET ASSETS						
RESULTING FROM PREMIUM PAYMENTS						
AND OTHER OPERATING TRANSFERS .....						
				13,361	(432,790)	
(373,180)	(360,756)	(897,739)	(1,670,759)			
-----					-----	
TOTAL INCREASE (DECREASE) IN NET ASSETS .....					105,686	(33,501)
(53,494)	599,537	1,150,493	(1,994,555)			
NET ASSETS						
Beginning of period .....					7,387,175	7,420,676
7,474,170	24,488,433	23,337,940	25,332,495			
-----					-----	-----
End of period .....					\$ 7,492,861	\$ 7,387,175
7,420,676	\$ 25,087,970	\$ 24,488,433	\$ 23,337,940			
=====					=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

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<TABLE>  
<CAPTION>

SUBACCOUNTS (Continued)

-----				
---				
High Yield			Equity	
Bond			Portfolio	
Portfolio				
-----				
-----				
1/1/1999	1/1/2001	1/1/2000	1/1/1999	1/1/2000
to	to	to	to	to
12/31/1999	3/31/2001	12/31/2000	3/31/2001	12/31/2000
			(unaudited)	
(unaudited)				

<S>	<C>	<C>	<C>	<C>	<C>	<C>
OPERATIONS						
Net investment income (loss) .....	\$	(208,467)	\$	2,423,866	\$	
2,257,898	\$	(45,925)	\$	3,367,669	\$	(108,034)
Capital gains distributions received .....		0		28,254,310		
22,859,279		0		0		0
Realized gain (loss) on shares redeemed ....		119,293		5,712,248		
5,681,025	(17,641)	(102,471)	(217,380)			
Net change in unrealized gain (loss) on investments.....		(17,372,018)		(31,851,882)		
(9,060,032)	1,170,841	(5,925,033)	1,589,321			
NET INCREASE (DECREASE) IN NET ASSETS						
RESULTING FROM OPERATIONS .....		(17,461,192)		4,538,542		
21,738,170	1,107,275	(2,659,835)	1,263,907			
PREMIUM PAYMENTS AND OTHER OPERATING TRANSFERS						
Contract Owner Net Payments .....		1,860,742		6,903,314		
484,980	501,050	357,729	247,400			
Policy Loans .....		(1,132,042)		(5,748,041)		
(5,865,015)	(18,870)	(118,636)	(145,200)			
Policy Loan Repayments and Interest .....		1,035,080		4,060,348		
5,452,661	22,522	104,423	288,800			
Surrenders, Withdrawals and Death Benefits .		(1,928,308)		(7,764,547)		
(7,992,313)	(86,638)	(446,020)	(164,918)			
Net Transfers From (To) Other Subaccounts or Fixed Rate Option .....		(110,615)		(18,619,709)		
(3,629,986)	4,915,765	(618,028)	(3,734,139)			
Withdrawal and Other Charges .....		(1,177,606)		(4,763,451)		
(5,119,578)	(71,593)	(283,224)	(332,102)			
NET INCREASE (DECREASE) IN NET ASSETS						
RESULTING FROM PREMIUM PAYMENTS AND OTHER OPERATING TRANSFERS .....		(1,452,749)		(25,932,086)		
(16,669,251)	5,262,236	(1,003,756)	(3,840,159)			
TOTAL INCREASE (DECREASE) IN NET ASSETS .....						
5,068,919	6,369,511	(3,663,591)	(2,576,252)	(18,913,941)	(21,393,544)	

NET ASSETS

Beginning of period .....	172,538,264	193,931,808
188,862,889      28,433,502      32,097,093      34,673,345	-----	-----
End of period .....	\$153,624,323	\$172,538,264
\$193,931,808      \$ 34,803,013      \$ 28,433,502      \$ 32,097,093	=====	=====
=====	=====	=====

<CAPTION>

		Stock Index Portfolio
		-----
1/1/1999	1/1/2001	1/1/2000
to	to	
12/31/1999	3/31/2001	12/31/2000
	(unaudited)	-----

<S>	<C>	<C>
<C>		

OPERATIONS

Net investment income (loss) .....	\$ (124,558)	\$ 239,991	\$
324,207			
Capital gains distributions received .....	0	3,072,410	
976,749			
Realized gain (loss) on shares redeemed ....	271,165	618,918	
4,605,818			
Net change in unrealized gain (loss) on investments.....	(10,639,925)	(13,317,734)	
8,162,150	-----	-----	

NET INCREASE (DECREASE) IN NET ASSETS

RESULTING FROM OPERATIONS .....	(10,493,318)	(9,386,415)
14,068,924	-----	-----

PREMIUM PAYMENTS AND

OTHER OPERATING TRANSFERS

Contract Owner Net Payments .....	936,655	1,662,388
-----------------------------------	---------	-----------

836,738			
Policy Loans .....	(331,585)	(1,030,955)	
(768,138)			
Policy Loan Repayments and Interest .....	170,772	557,262	
641,476			
Surrenders, Withdrawals and Death Benefits .	(562,115)	(1,876,277)	
(1,093,052)			
Net Transfers From (To) Other Subaccounts or Fixed Rate Option .....	(4,716,425)	14,910,332	
(6,699,608)			
Withdrawal and Other Charges .....	(245,663)	(944,712)	
(876,437)			
-----	-----	-----	
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM PREMIUM PAYMENTS AND OTHER OPERATING TRANSFERS .....	(4,748,361)	13,278,038	
(7,959,021)			
-----	-----	-----	
TOTAL INCREASE (DECREASE) IN NET ASSETS .....	(15,241,679)	3,891,623	
6,109,903			
NET ASSETS			
Beginning of period .....	88,294,590	84,402,967	
78,293,064			
-----	-----	-----	
End of period .....	\$ 73,052,911	\$ 88,294,590	\$
84,402,967			
=====	=====	=====	

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

A-6

FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS

For the three months ended March 31, 2001 and the years ended December 31, 2000  
and 1999

<TABLE>  
 <CAPTION>

SUBACCOUNTS

Prudential  
 Jennison  
 Portfolio

-----		1/1/2001
1/1/2000	1/1/1999	to
to	to	3/31/2001
12/31/2000	12/31/1999	(unaudited)
-----	-----	-----
<S>		<C>
<C>	<C>	

OPERATIONS

Net investment income (loss) .....	\$	(41,695)
\$ (175,644)	\$	(59,208)
Capital gains distributions received .....		0
4,317,956	970,020	
Realized gain (loss) on shares redeemed .....		(1,686,408)
22,827	108,823	
Net change in unrealized gain (loss) on investments .....		(3,264,614)
(11,283,218)	4,732,816	
-----	-----	-----

NET INCREASE (DECREASE) IN NET ASSETS

RESULTING FROM OPERATIONS .....		(4,992,717)
(7,118,079)	5,752,451	
-----	-----	-----

PREMIUM PAYMENTS AND

OTHER OPERATING TRANSFERS

Contract Owner Net Payments .....		1,319,484
1,004,701	918,991	
Policy Loans .....		(257,733)
(876,131)	(541,040)	
Policy Loan Repayments and Interest .....		102,622
501,862	423,520	



Surrenders, Withdrawals and Death Benefits .....		(305,326)
(825,690)	(548,558)	
Net Transfers From (To) Other Subaccounts		
or Fixed Rate Option .....		(5,423,939)
13,062,339	12,249,824	
Withdrawal and Other Charges .....		(176,588)
(646,100)	(318,494)	
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM PREMIUM PAYMENTS		
AND OTHER OPERATING TRANSFERS .....		(4,741,480)
12,220,981	12,184,243	
-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS .....		(9,734,197)
5,102,902	17,936,694	
NET ASSETS		
Beginning of period .....		30,479,300
25,376,398	7,439,704	
-----	-----	-----
End of period .....		\$ 20,745,103
\$ 30,479,300	\$ 25,376,398	
=====	=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

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NOTES TO FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT  
March 31, 2001 (unaudited)

Note 1: General

Pruco Life of New Jersey Variable Appreciable Account (the "Account") was established on January 13, 1984 under New Jersey law as a separate investment account of Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey") which is a wholly-owned subsidiary of Pruco Life Insurance Company (an Arizona domiciled company) and is indirectly wholly-owned by The Prudential Insurance Company of America ("Prudential").

The assets of the Account are segregated from Pruco Life of New Jersey's other assets. Proceeds from the purchases of Pruco Life of New Jersey Variable Appreciable Life ("VAL"), Pruco Life of New Jersey PRUvider Variable Appreciable Life ("PRUvider"), effective November 10, 1999 Pruco Life of New Jersey PruSelect III ("PSEL III"), effective May 1, 2000 Pruco Life of New Jersey Survivorship Variable Universal Life ("SVUL") and effective February 12, 2001 Pruco Life of New Jersey PruLife Custom Premier ("VUL") contracts are invested in the Account.

The Account is registered under the Investment Company act of 1940, as amended, as a unit investment trust. There are fifty-one subaccounts within the Account, twenty-eight of which are available to VUL contract owners. Each subaccount invests in its corresponding portfolio of The Prudential Series Fund, Inc. (the "Series Fund") or its corresponding non-Prudential administered fund. The Series Fund is a diversified open-end management investment company, and is managed by Prudential.

Beginning February 12, 2001, the following ten additional Series Fund subaccounts became available to PruLife Custom Premier contract owners: SP Alliance Large Cap Growth Portfolio, SP Davis Value Portfolio, SP Small/Mid Cap Value Portfolio, SP INVESCO Small Company Growth Portfolio, SP AIM Aggressive Growth Portfolio, SP MFS Capital Opportunities Portfolio, SP MFS Mid-Cap Growth Portfolio, SP Prudential U.S. Emerging Growth Portfolio, SP Alliance Technology Portfolio and SP Deutsche International Equity Portfolio.

Beginning August 6, 2001, the following eleven additional Series Fund administered subaccounts will become available to PruLife Custom Premier contract owners: Global Portfolio, SP PIMCO Total Return Portfolio, SP PIMCO High Yield Portfolio, SP Large Cap Value Portfolio, SP AIM Growth & Income Portfolio, SP Strategic Partners Focused Growth Portfolio, SP Conservative Asset Allocation Portfolio, SP Balanced Asset Allocation Portfolio, SP Growth Asset Allocation Portfolio, SP Aggressive Growth Asset Allocation Portfolio and SP Jennison International Growth Portfolio.

Beginning August 6, 2001, the following non-Prudential administered subaccount will become available to PruLife Custom Premier contract owners: Janus Aspen Series Growth Portfolio - Service Shares.

New sales of the VAL product, which invests in the Account, were discontinued as of May 1, 1992. However, premium payments made by the contract owners existing at that date will continue to be received by the Account.

At March 31, 2001, there were no balances pertaining to PruLife Custom Premier in the subaccounts investing in the Series Fund.

## Note 2: Significant Accounting Policies

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). The

preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Investments - The investments in shares of the Series Fund are stated at the net asset value of the respective portfolio.

Security Transactions - Realized gains and losses on security transactions are reported on an average cost basis. Purchase and sale transactions are recorded as of the trade date of the security being purchased or sold.

Distributions Received - Dividend and capital gain distributions received are reinvested in additional shares of the Series Fund and are recorded on the ex-dividend date.

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Note 3: Investment Information for The Prudential Series Fund, Inc. Portfolios

The net asset value per share for each portfolio of the Series Fund, the number of shares (rounded) of each portfolio held by the subaccounts and the aggregate cost of investments in such shares at March 31, 2001 were as follows: (unaudited)

<TABLE>  
<CAPTION>

	PORTFOLIOS		
	Money	Diversified	
	Market	Bond	Equity
High Yield			
Bond			
Number of shares (rounded):	749,286	2,135,146	6,973,415
5,421,030			
Net asset value per share:	\$ 10.00	\$ 11.75	\$ 22.03
\$ 6.42			
Cost:	\$ 7,492,861	\$ 23,014,550	\$156,660,331
\$ 40,050,807			

<CAPTION>

PORTFOLIOS (Continued)	
Stock	Prudential
Index	Jennison

<S>	<C>	<C>
Number of shares (rounded):	2,144,200	1,083,295
Net asset value per share:	\$ 34.07	\$ 19.15
Cost:	\$ 71,045,260	\$ 28,559,434

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Note 4: Contract Owner Unit Information

Outstanding contract owner units (rounded), unit values and total value of contract owner equity at March 31, 2001 were as follows: (unaudited)

<TABLE>  
<CAPTION>

SUBACCOUNTS

Diversified			High Yield		Money
Bond			Equity		Market
Portfolio			Portfolio		Portfolio
<S>	<C>	<C>	<C>	<C>	<C>
Contract Owner Units Outstanding (VAL - rounded) ....	7,387,279	20,635,834	14,664,148		3,332,464
Unit Value (VAL) .....	\$ 3.39472	\$ 7.44103	\$ 2.37314		\$ 2.15083
Contract Owner Equity (VAL) .....	25,077,743	\$153,551,861	\$ 34,800,076		\$ 7,167,563
Contract Owner Units Outstanding (PRUvider - rounded)	N/A	N/A	N/A		N/A
Unit Value (PRUvider) .....	N/A	N/A	N/A		\$ N/A
Contract Owner Equity (PRUvider) .....	N/A	N/A	N/A		\$ N/A

-----					
	Contract Owner Units Outstanding (PSEL III - rounded)			140,612	
0	0	0			
	Unit Value (PSEL III) .....		\$	1.08288	\$
1.13223	\$ 0.97534	\$ 0.98048			
-----					
	Contract Owner Equity (PSEL III) .....		\$	152,266	\$
0	\$ 0	\$ 0			
-----					
	Contract Owner Units Outstanding (SVUL - rounded) ...			165,180	
9,005	76,043	3,024			
	Unit Value (SVUL) .....		\$	1.04754	\$
1.13568	\$ 0.95290	\$ 0.97120			
-----					
	Contract Owner Equity (SVUL) .....		\$	173,032	\$
10,227	\$ 72,462	\$ 2,937			
-----					
	Contract Owner Units Outstanding (VUL - rounded) ....			0	
0	0	0			
	Unit Value (VUL) .....		\$	1.00376	\$
1.00924	\$ 0.94408	\$ 0.97546			
-----					
	Contract Owner Equity (VUL) .....		\$	0	\$
0	\$ 0	\$ 0			
-----					
	Total Contract Owner Equity .....		\$	7,492,861	\$
25,087,970	\$153,624,323	\$ 34,803,013			
=====					

<CAPTION>

SUBACCOUNTS

(Continued)

-----  
Prudential

Stock

Jennison

Index

Portfolio

Portfolio

<S>	<C>	<C>
Contract Owner Units Outstanding (VAL - rounded) .... 8,377,261	14,756,154	
Unit Value (VAL) ..... 2.46330	\$ 4.93555	\$
Contract Owner Equity (VAL) ..... 20,635,706	\$ 72,829,735	\$
Contract Owner Units Outstanding (PRUvider - rounded) N/A	N/A	
Unit Value (PRUvider) ..... N/A	\$ N/A	\$
Contract Owner Equity (PRUvider) ..... N/A	\$ N/A	\$
Contract Owner Units Outstanding (PSEL III - rounded) 0	0	
Unit Value (PSEL III) ..... 0.79732	\$ 0.86129	\$
Contract Owner Equity (PSEL III) ..... 0	\$ 0	\$
Contract Owner Units Outstanding (SVUL - rounded) ... 164,504	274,617	
Unit Value (SVUL) ..... 0.66501	\$ 0.81268	\$
Contract Owner Equity (SVUL) ..... 109,397	\$ 223,176	\$
Contract Owner Units Outstanding (VUL - rounded) .... 0	0	
Unit Value (VUL) ..... 0.93260	\$ 0.94048	\$

Contract Owner Equity (VUL) .....	\$	0	\$
0			
Total Contract Owner Equity .....	\$	73,052,911	\$
20,745,103			

=====  
</TABLE>

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Note 5: Charges and Expenses

A. Mortality Risk and Expense Risk Charges

The mortality risk and expense risk charges, at an effective annual rate of up to 0.60%, 0.90%, 0.50%, 0.90% and 0.45% are applied daily against the net assets representing equity of VAL, PRUvider, PruSelect III, SVUL and VUL contract owners held in each subaccount, respectively. Mortality risk is that contract owners may not live as long as estimated and expense risk is that the cost of issuing and administering the policies may exceed related charges by Pruco Life of New Jersey. Pruco Life of New Jersey currently intends to charge only 0.25% on PruSelect III contracts but reserves the right to make the full 0.50% charge. For VUL contracts Pruco Life of New Jersey intends to charge only 0.25% but reserves the right to charge 0.45%.

B. Deferred Sales Charge

A deferred sales charge is imposed upon surrenders of certain VAL, PRUvider, SVUL and VUL contracts to compensate Pruco Life of New Jersey for sales and other marketing expenses. The amount of any sales charge will depend on the number of years that have elapsed since the contract was issued. No sales charge will be imposed after the tenth year of the contract. No sales charge will be imposed on death benefits.

C. Partial Withdrawal Charge

A charge is imposed by Pruco Life of New Jersey on partial withdrawals of the cash surrender value. A charge equal to the lesser of \$15 or 2% and \$25 or 2% will be made in connection with each partial withdrawal of the cash surrender value of a VAL or PRUvider contract and PruSelect III, SVUL or VUL contract, respectively.

D. Expense Reimbursement

The Account is reimbursed by Pruco Life of New Jersey for expenses in excess of 0.40% of the VAL product's average daily net assets incurred by the Money Market, Diversified Bond, Equity, Flexible Managed and Conservative Balanced Portfolios of the Series Fund.

E. Cost of Insurance and Other Related Charges

Contract owner contributions are subject to certain deductions prior to being invested in the Account. The deductions are for (1) transaction costs which are deducted from each premium payment to cover premium collection and processing costs; (2) state premium taxes; (3) sales charges which are deducted in order to compensate Pruco Life of New Jersey for the cost of selling the contract. Contracts are also subject to monthly charges for the costs of administering the contract and to compensate Pruco Life of New Jersey for the guaranteed minimum death benefit risk.

Note 6: Taxes

Pruco Life is taxed as a "life insurance company" as defined by the Internal Revenue Code. The results of operations of the Account form a part of Prudential's consolidated federal tax return. Under current federal law, no federal income taxes are payable by the Account. As such, no provision for tax liability has been recorded in these financial statements.

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Note 7: Unit Activity

Transactions in units (including transfers among subaccounts) for the three months ended March 31, 2001 and the years ended December 31, 2000 and 1999 were as follows:

<TABLE>  
<CAPTION>

SUBACCOUNTS

---

---

	Diversified Bond Portfolio	Money Market Portfolio			
			2001	2000	1999
2001	2000	1999			

---

---



<S>	<C>	<C>	<C>	<C>	<C>	<C>
	Contract Owner Contributions:			1,041,106	1,942,266	
1,394,252	1,094,516	683,886	1,817,938			
	Contract Owner Redemptions:			(999,896)	(2,035,300)	
(1,583,513)	(1,197,400)	(981,340)	(2,374,019)			

<CAPTION>

SUBACCOUNTS (Continued)

High Yield Bond Portfolio			Equity Portfolio		
2001	2000	1999	2001	2000	1999

<S>	<C>	<C>	<C>	<C>	<C>
	Contract Owner Contributions:			435,445	1,560,425
1,053,096	2,249,375	265,372	10,923,909		
	Contract Owner Redemptions:			(613,820)	(4,722,060)
(3,213,126)	(93,296)	(680,602)	(12,518,142)		

<CAPTION>

SUBACCOUNTS (Continued)

Prudential Jennison Portfolio			Stock Index Portfolio		
2001	2000	1999	2001	2000	1999

<S>	<C>	<C>	<C>	<C>	<C>
Contract Owner Contributions:				369,404	3,205,888
10,650,541	782,287	4,440,077		4,934,733	
Contract Owner Redemptions:				(1,242,120)	(910,208)
(12,168,789)	(2,659,787)	(1,064,529)		(810,425)	

Note 8: Purchases and Sales of Investments

The aggregate costs of purchases and proceeds from sales of investments in the Series Fund for the three months ended March 31, 2001 were as follows:

<TABLE>  
<CAPTION>

	PORTFOLIOS		
	Money Market	Diversified Bond	Equity
<S>	<C>	<C>	<C>
Purchases .....	\$ 1,120,261	\$ 171,502	\$
377,675			
Sales .....	\$ (1,117,567)	\$ (566,583)	
\$ (2,038,891)			

<CAPTION>

	PORTFOLIOS (Continued)		
	High Yield Bond	Stock Index	Prudential Jennison
<S>	<C>	<C>	<C>
Purchases .....	\$ 5,337,357	\$ 192,776	\$
417,661			
Sales .....	\$ (121,046)	\$ (5,065,695)	
\$ (5,200,835)			

STATEMENTS OF NET ASSETS  
December 31, 2000

<TABLE>  
<CAPTION>

SUBACCOUNTS

	High Yield	Stock	Prudential	Money	Diversified
	Bond	Index	Jennison	Market	Bond
Equity	Bond	Index	Jennison	Market	Bond
Portfolio	Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
<S>				<C>	<C>
<C>	<C>	<C>	<C>		
ASSETS					
Investment in The Prudential Series Fund, Inc.					
Portfolios, at net asset value [Note 3] ...	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300	\$ 7,387,175	\$ 24,488,433
\$172,538,264	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300		
Net Assets	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300	\$ 7,387,175	\$ 24,488,433
\$172,538,264	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300		
NET ASSETS, representing:					
Equity of contract owners [Note 4] ...	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300	\$ 7,387,175	\$ 24,488,433
\$172,538,264	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300		
	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300	\$ 7,387,175	\$ 24,488,433
\$172,538,264	\$ 28,433,502	\$ 88,294,590	\$ 30,479,300		

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A8 THROUGH A12

FINANCIAL STATEMENTS OF THE  
 PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
 PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF OPERATIONS

For the years ended December 31, 2000, 1999 and 1998

<TABLE>  
 <CAPTION>

SUBACCOUNTS

				Money Market Portfolio	
				Diversified Bond Portfolio	
				2000	1999
1998	2000	1999	1998		
<S>	<C>	<C>	<C>	<C>	<C>
INVESTMENT INCOME					
	Dividend income .....			\$ 440,102	\$ 362,423
376,466	\$ 1,453,002	\$ 0	\$ 1,518,983		\$
EXPENSES					
Charges to contract owners for assuming mortality risk and expense risk [Note 5A] .					
43,083	139,022	144,104	147,669	43,718	44,562
Reimbursement for excess expenses [Note 5D] .....					
(1,102)	(11,804)	(6,334)	(5,945)	(2,905)	(1,825)
NET EXPENSES .....				40,813	42,737
41,981	127,218	137,770	141,724		
NET INVESTMENT INCOME (LOSS) .....				399,289	319,686
334,485	1,325,784	(137,770)	1,377,259		

NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS					
Capital gains distributions received .....				0	0
0	2,919	67,535	88,872		
Realized gain (loss) on shares redeemed .....				0	0
0	53,547	41,756	65,294		
Net change in unrealized gain (loss) on investments .....				0	0
0	665,982	(295,317)	22,951		
-----					
-----					
NET GAIN (LOSS) ON INVESTMENTS .....				0	0
0	722,448	(186,026)	177,117		
-----					
-----					
NET INCREASE (DECREASE) IN NET ASSETS					
RESULTING FROM OPERATIONS .....					
334,485	\$ 2,048,232	\$ (323,796)	\$ 1,554,376	\$ 399,289	\$ 319,686
=====				=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A20 THROUGH A24

A14

<TABLE>  
<CAPTION>

SUBACCOUNTS (Continued)

				Equity Portfolio	
				2000	1999
1998	2000	1999	1998		
-----				-----	-----
-----				-----	-----
<S>			<C>		<C>
<C>	<C>	<C>	<C>		
INVESTMENT INCOME					

Dividend income .....				\$ 3,310,665	\$ 3,250,226	\$
3,479,231	\$ 3,549,924	\$ 85,549	\$ 1,994,015			
				-----	-----	
EXPENSES						
Charges to contract owners for assuming mortality risk and expense risk [Note 5A]				1,052,093	1,150,889	
1,143,923	182,255	193,583	97,586			
Reimbursement for excess expenses [Note 5D] .....				(165,294)	(158,561)	
(166,679)	0	0	0	-----	-----	
NET EXPENSES .....				886,799	992,328	
977,244	182,255	193,583	97,586	-----	-----	
NET INVESTMENT INCOME (LOSS) .....				2,423,866	2,257,898	
2,501,987	3,367,669	(108,034)	1,896,429	-----	-----	
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS						
Capital gains distributions received .....				28,254,310	22,859,279	
20,675,751	0	0	0			
Realized gain (loss) on shares redeemed .....				5,712,248	5,681,025	
4,685,572	(102,471)	(217,380)	(173,650)			
Net change in unrealized gain (loss) on investments .....				(31,851,882)	(9,060,032)	
(12,015,861)	(5,925,033)	1,589,321	(2,569,803)	-----	-----	
NET GAIN (LOSS) ON INVESTMENTS .....				2,114,676	19,480,272	
13,345,462	(6,027,504)	1,371,941	(2,743,453)	-----	-----	
NET INCREASE (DECREASE) IN NET ASSETS						
RESULTING FROM OPERATIONS .....				\$ 4,538,542	\$21,738,170	
\$15,847,449	\$(2,659,835)	\$ 1,263,907	\$ (847,024)	=====	=====	
				=====	=====	

<CAPTION>

Stock Index

1998	2000	1999
<S>	<C>	<C>
<C>		
INVESTMENT INCOME		
Dividend income .....	\$ 761,936	\$ 767,914
\$ 540,470		
EXPENSES		
Charges to contract owners for assuming mortality risk and expense risk [Note 5A] .	521,945	443,707
207,744		
Reimbursement for excess expenses [Note 5D] .....	0	0
0		
NET EXPENSES .....	521,945	443,707
207,744		
NET INVESTMENT INCOME (LOSS) .....	239,991	324,207
332,726		
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Capital gains distributions received .....	3,072,410	976,749
1,074,502		
Realized gain (loss) on shares redeemed .....	618,918	4,605,818
1,754,137		
Net change in unrealized gain (loss) on investments .....	(13,317,734)	8,162,150
11,731,008		
NET GAIN (LOSS) ON INVESTMENTS .....	(9,626,406)	13,744,717
14,559,647		

NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM OPERATIONS .....	\$ (9,386,415)	\$14,068,924
\$14,892,373		

=====

=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A20 THROUGH A24

A15

FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF OPERATIONS

For the years ended December 31, 2000, 1999 and 1998

<TABLE>

<CAPTION>

SUBACCOUNTS

-----

Prudential Jennison

Portfolio

-----

1999	1998	2000
		-----
<S>		<C>
<C>	<C>	
INVESTMENT INCOME		
Dividend income .....		\$ 21,894
\$ 22,451	\$ 10,621	
		-----

EXPENSES

Charges to contract owners for assuming mortality risk and expense risk [Note 5A] .....		197,538
81,659	29,296	
Reimbursement for excess expenses		



[Note 5D]	.....	0
0	0	
-----		
NET EXPENSES	.....	197,538
81,659	29,296	
-----		
NET INVESTMENT INCOME (LOSS)	.....	(175,644)
(59,208)	(18,675)	
-----		
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Capital gains distributions received	.....	4,317,956
970,020	104,664	
Realized gain (loss) on shares redeemed	.....	22,827
108,823	27,074	
Net change in unrealized gain (loss) on investments	.....	(11,283,218)
4,732,816	1,492,381	
-----		
NET GAIN (LOSS) ON INVESTMENTS	.....	(6,942,435)
5,811,659	1,624,119	
-----		
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	.....	\$ (7,118,079)
\$ 5,752,451	\$ 1,605,444	
=====		

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A20 THROUGH A24

A16

FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2000, 1999 and 1998

<TABLE>  
<CAPTION>

SUBACCOUNTS

				Money Market Portfolio	
Diversified Bond Portfolio					
				2000	1999
1998	2000	1999	1998		
<S>	<C>	<C>	<C>	<C>	<C>
OPERATIONS					
Net investment income (loss) .....	\$	399,289	\$	319,686	\$
334,485	\$ 1,325,784	\$ (137,770)	\$ 1,377,259		
Capital gains distributions received .....		0		0	
0	2,919	67,535	88,872		
Realized gain (loss) on shares redeemed ....		0		0	
0	53,547	41,756	65,294		
Net change in unrealized gain (loss) on investments .....		0		0	
0	665,982	(295,317)	22,951		
NET INCREASE (DECREASE) IN NET ASSETS					
RESULTING FROM OPERATIONS .....				399,289	319,686
334,485	2,048,232	(323,796)	1,554,376		
PREMIUM PAYMENTS AND OTHER OPERATING TRANSFERS					
Contract Owner Net Payments .....					
362,297	949,512	485,236	1,209,116	1,417,335	18,255
Policy Loans .....					
(147,149)	(823,629)	(553,832)	(529,009)	(451,268)	(182,692)
Policy Loan Repayments and Interest .....					
265,406	412,241	509,659	421,496	114,450	204,337
Surrenders, Withdrawals and Death Benefits .					
(627,277)	(794,828)	(1,188,933)	(1,336,342)	(530,444)	(433,849)
Net Transfers From (To) Other Subaccounts					

or Fixed Rate Option .....				(748,090)	252,166
538,372	(105,737)	(351,534)	682,202		
Withdrawal and Other Charges .....				(234,773)	(231,397)
(246,028)	(535,298)	(571,355)	(621,531)		
-----					
NET INCREASE (DECREASE) IN NET ASSETS					
RESULTING FROM PREMIUM PAYMENTS					
AND OTHER OPERATING TRANSFERS .....					
				(432,790)	(373,180)
145,621	(897,739)	(1,670,759)	(174,068)		
-----					
NET INCREASE (DECREASE) IN NET ASSETS					
RETAINED IN THE ACCOUNT [Note 7] .....					
				0	0
(15,018)	0	0	(2,680)		
-----					
TOTAL INCREASE (DECREASE) IN NET ASSETS .....					
				(33,501)	(53,494)
465,088	1,150,493	(1,994,555)	1,377,628		
NET ASSETS					
Beginning of year .....					
				7,420,676	7,474,170
7,009,082	23,337,940	25,332,495	23,954,867		
-----					
End of year .....					
				\$ 7,387,175	\$ 7,420,676
7,474,170	\$ 24,488,433	\$ 23,337,940	\$ 25,332,495		\$
=====					

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A20 THROUGH A24

A17

FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2000, 1999 and 1998

<TABLE>

<CAPTION>

SUBACCOUNTS (Continued)

High Yield Bond Portfolio				Equity Portfolio	
1998	2000	1999	1998	2000	1999
<S>	<C>	<C>	<C>	<C>	<C>
<b>OPERATIONS</b>					
Net investment income (loss) .....	\$ 2,501,987	\$ 3,367,669	\$ (108,034)	\$ 1,896,429	\$ 2,257,898
Capital gains distributions received .....	20,675,751	0	0	0	22,859,279
Realized gain (loss) on shares redeemed ....	4,685,572	(102,471)	(217,380)	(173,650)	5,681,025
Net change in unrealized gain (loss) on investments .....	(12,015,861)	(5,925,033)	1,589,321	(2,569,803)	(9,060,032)
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>					
RESULTING FROM OPERATIONS .....	15,847,449	(2,659,835)	1,263,907	(847,024)	21,738,170
<b>PREMIUM PAYMENTS AND OTHER OPERATING TRANSFERS</b>					
Contract Owner Net Payments .....	8,768,106	357,729	247,400	356,982	484,980
Policy Loans .....	(6,477,542)	(118,636)	(145,200)	(163,296)	(5,865,015)
Policy Loan Repayments and Interest .....	4,223,794	104,423	288,800	167,408	5,452,661
Surrenders, Withdrawals and Death Benefits .	(9,891,027)	(446,020)	(164,918)	(501,296)	(7,992,313)
Net Transfers From (To) Other Subaccounts or Fixed Rate Option .....	(1,215,581)	(618,028)	(3,734,139)	29,637,732	(3,629,986)
Withdrawal and Other Charges .....					(5,119,578)

(5,422,744)	(283,224)	(332,102)	(283,352)	
-----				
NET INCREASE (DECREASE) IN NET ASSETS				
RESULTING FROM PREMIUM PAYMENTS				
AND OTHER OPERATING TRANSFERS . . . . . (25,932,086) (16,669,251)				
(10,014,994)	(1,003,756)	(3,840,159)	29,214,178	
-----				
NET INCREASE (DECREASE) IN NET ASSETS				
RETAINED IN THE ACCOUNT [Note 7] . . . . . 0 0				
(132,641)	0	0	(60,128)	
-----				
TOTAL INCREASE (DECREASE) IN NET ASSETS . . . . . (21,393,544) 5,068,919				
5,699,814	(3,663,591)	(2,576,252)	28,307,026	
NET ASSETS				
Beginning of year . . . . . 193,931,808 188,862,889				
183,163,075	32,097,093	34,673,345	6,366,319	
-----				
End of year . . . . . \$172,538,264 \$193,931,808				
\$188,862,889	\$ 28,433,502	\$ 32,097,093	\$ 34,673,345	
=====				

<CAPTION>

		2000	1999
			Stock Index Portfolio
1998			
<S>		<C>	<C>
<C>			
OPERATIONS			
Net investment income (loss) . . . . .	\$	239,991	\$ 324,207
\$ 332,726			
Capital gains distributions received . . . . .		3,072,410	976,749
1,074,502			
Realized gain (loss) on shares redeemed . . . .		618,918	4,605,818
1,754,137			
Net change in unrealized gain (loss) on			

investments .....	(13,317,734)	8,162,150
11,731,008		
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM OPERATIONS .....	(9,386,415)	14,068,924
14,892,373		
-----	-----	-----
PREMIUM PAYMENTS AND		
OTHER OPERATING TRANSFERS		
Contract Owner Net Payments .....	1,662,388	836,738
(458,592)		
Policy Loans .....	(1,030,955)	(768,138)
(528,435)		
Policy Loan Repayments and Interest .....	557,262	641,476
429,300		
Surrenders, Withdrawals and Death Benefits .	(1,876,277)	(1,093,052)
(1,117,895)		
Net Transfers From (To) Other Subaccounts		
or Fixed Rate Option .....	14,910,332	(6,699,608)
50,128,317		
Withdrawal and Other Charges .....	(944,712)	(876,437)
(637,808)		
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM PREMIUM PAYMENTS		
AND OTHER OPERATING TRANSFERS .....	13,278,038	(7,959,021)
47,814,887		
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RETAINED IN THE ACCOUNT [Note 7] .....	0	0
687,255		
-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS .....	3,891,623	6,109,903
63,394,515		
NET ASSETS		
Beginning of year .....	84,402,967	78,293,064
14,898,549		
-----	-----	-----
End of year .....	\$ 88,294,590	\$ 84,402,967

\$ 78,293,064

=====

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</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A20 THROUGH A24

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FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT

STATEMENTS OF CHANGES IN NET ASSETS  
For the years ended December 31, 2000, 1999 and 1998

<TABLE>  
<CAPTION>

SUBACCOUNTS

-----

Prudential Jennison

Portfolio

-----

1999

1998

2000

	1999	1998	2000
	-----	-----	-----
<S>			<C>
<C>		<C>	
OPERATIONS			
Net investment income (loss) .....			\$ (175,644)
\$ (59,208)	\$ (18,675)		
Capital gains distributions received .....			4,317,956
970,020	104,664		
Realized gain (loss) on shares redeemed .....			22,827
108,823	27,074		
Net change in unrealized gain (loss) on investments .....			(11,283,218)
4,732,816	1,492,381		
	-----	-----	-----

NET INCREASE (DECREASE) IN NET ASSETS

RESULTING FROM OPERATIONS .....		(7,118,079)
5,752,451	1,605,444	
-----	-----	-----
PREMIUM PAYMENTS AND		
OTHER OPERATING TRANSFERS		
Contract Owner Net Payments .....		1,004,701
918,991	350,999	
Policy Loans .....		(876,131)
(541,040)	(186,693)	
Policy Loan Repayments and Interest .....		501,862
423,520	207,729	
Surrenders, Withdrawals and Death Benefits .....		(825,690)
(548,558)	(263,749)	
Net Transfers From (To) Other Subaccounts		
or Fixed Rate Option .....		13,062,339
12,249,824	2,831,858	
Withdrawal and Other Charges .....		(646,100)
(318,494)	(156,276)	
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RESULTING FROM PREMIUM PAYMENTS		
AND OTHER OPERATING TRANSFERS .....		12,220,981
12,184,243	2,783,868	
-----	-----	-----
NET INCREASE (DECREASE) IN NET ASSETS		
RETAINED IN THE ACCOUNT [Note 7] .....		0
0	(7,320)	
-----	-----	-----
TOTAL INCREASE (DECREASE) IN NET ASSETS .....		5,102,902
17,936,694	4,381,992	
NET ASSETS		
Beginning of year .....		25,376,398
7,439,704	3,057,712	
-----	-----	-----
End of year .....		\$ 30,479,300
\$ 25,376,398	\$ 7,439,704	
=====	=====	=====

</TABLE>

SEE NOTES TO FINANCIAL STATEMENTS ON PAGES A20 THROUGH A24



NOTES TO FINANCIAL STATEMENTS OF THE  
PRULIFE CUSTOM PREMIER SUBACCOUNTS OF  
PRUCO LIFE OF NEW JERSEY VARIABLE APPRECIABLE ACCOUNT  
December 31, 2000

Note 1: General

Pruco Life of New Jersey Variable Appreciable Account (the "Account") was established on January 13, 1984 under New Jersey law as a separate investment account of Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey") which is a wholly-owned subsidiary of Pruco Life Insurance Company (an Arizona domiciled company) and is indirectly wholly-owned by The Prudential Insurance Company of America ("Prudential"). The assets of the Account are segregated from Pruco Life of New Jersey's other assets. Proceeds from the purchases of Pruco Life of New Jersey Variable Appreciable Life ("VAL"), Pruco Life of New Jersey PRUvider Variable Appreciable Life ("PRUvider"), effective November 10, 1999 Pruco Life of New Jersey PruSelect III ("PSEL III"), effective May 1, 2000 Pruco Life of New Jersey Survivorship Variable Universal Life ("SVUL") and effective February 12, 2001 Pruco Life of New Jersey PruLife Custom Premier ("VUL") contracts are invested in the Account.

The Account is registered under the Investment Company act of 1940, as amended, as a unit investment trust. There are forty-one subaccounts within the Account, sixteen of which are available to VUL contract owners. Each subaccount invests only in its corresponding portfolio of The Prudential Series Fund, Inc. (the "Series Fund"). The Series Fund is a diversified open-end management investment company, and is managed by Prudential.

Beginning February 12, 2001, the following ten additional subaccounts will be available to PruLife Custom Premier contract owners: SP Alliance Large Cap Growth Portfolio, SP Davis Value Portfolio, SP Small/Mid Cap Value Portfolio, SP INVESCO Small Company Growth Portfolio, SP AIM Aggressive Growth Portfolio, SP MFS Capital Opportunities Portfolio, SP MFS Mid-Cap Growth Portfolio, SP Prudential U.S. Emerging Growth Portfolio, SP Alliance Technology Portfolio and SP Deutsche International Equity Portfolio.

New sales of the VAL product, which invests in the Account, were discontinued as of May 1, 1992. However, premium payments made by the contract owners existing at that date will continue to be received by the Account.

At December 31, 2000, there were no balances pertaining to PruLife Custom Premier in the subaccounts investing in the Series Fund.



<CAPTION>

PORTFOLIOS (Continued)

	Stock Index	Prudential Jennison
<S>	<C>	<C>
Number of shares (rounded):	2,283,875	1,326,918
Net asset value per share:	\$ 38.66	\$ 22.97
Cost:	\$ 75,647,014	\$ 35,029,017

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Note 4: Contract Owner Unit Information

Outstanding contract owner units (rounded), unit values and total value of contract owner equity at December 31, 2000 were as follows:

<TABLE>  
<CAPTION>

SUBACCOUNTS

SUBACCOUNTS				Money Market
Diversified		High Yield		
Bond	Equity	Bond		
Portfolio	Portfolio	Portfolio	Portfolio	
<S>	<C>	<C>	<C>	<C>
Contract Owner Units Outstanding (VAL - rounded) .....				
3,364,036	7,496,498	20,814,168	12,507,955	
Unit Value (VAL) .....				\$
2.12421	\$ 3.26626	\$ 8.28558	\$ 2.27300	
Contract Owner Equity (VAL) .....				\$
7,145,918	\$ 24,485,512	\$172,457,454	\$ 28,430,582	
Contract Owner Units Outstanding (PRUvider - rounded) .....				
N/A	N/A	N/A	N/A	

	Unit Value (PRUvider) .....				\$
N/A	\$	N/A	\$	N/A	\$
-----					
	Contract Owner Equity (PRUvider) .....				\$
N/A	\$	N/A	\$	N/A	\$
-----					
	Contract Owner Units Outstanding (PSEL III - rounded) .....				
0		0		0	
	Unit Value (PSEL III) .....				\$
1.06851	\$	1.08844	\$	1.08522	\$ 0.93826
-----					
	Contract Owner Equity (PSEL III) .....				\$
0	\$	0	\$	0	\$
-----					
	Contract Owner Units Outstanding (SVUL - rounded) .....				
233,010		2,670		76,084	3,138
	Unit Value (SVUL) .....				\$
1.03539	\$	1.09365	\$	1.06210	\$ 0.93083
-----					
	Contract Owner Equity (SVUL) .....				\$
241,257	\$	2,921	\$	80,809	\$ 2,921
-----					
	Total Contract Owner Equity .....				\$
7,387,175	\$	24,488,433	\$	172,538,263	\$ 28,433,503
=====					

<CAPTION>

SUBACCOUNTS (Continued)

-----	
Prudential	
Jennison	
Portfolio	Portfolio
-----	

Stock  
Index

<S>

<C>

<C>

Contract Owner Units Outstanding (VAL - rounded) .....		
15,710,458	10,256,402	
Unit Value (VAL) .....		\$
5.60876	\$ 2.95904	

-----		
Contract Owner Equity (VAL) .....		\$
88,116,188	\$ 30,349,103	
-----		

Contract Owner Units Outstanding (PRUvider - rounded) .....		
N/A	N/A	
Unit Value (PRUvider) .....		\$
N/A	\$ N/A	

-----		
Contract Owner Equity (PRUvider) .....		\$
N/A	\$ N/A	
-----		

Contract Owner Units Outstanding (PSEL III - rounded) .....		
0	0	
Unit Value (PSEL III) .....		\$
0.97781	\$ 0.95689	

-----		
Contract Owner Equity (PSEL III) .....		\$
0	\$ 0	
-----		

Contract Owner Units Outstanding (SVUL - rounded) .....		
193,029	162,863	
Unit Value (SVUL) .....		\$
0.92422	\$ 0.79943	

-----		
Contract Owner Equity (SVUL) .....		\$
178,401	\$ 130,197	
-----		

Total Contract Owner Equity .....		\$
88,294,589	\$ 30,479,300	

=====

## Note 5: Charges and Expenses

## A. Mortality Risk and Expense Risk Charges

The mortality risk and expense risk charges, at an effective annual rate of up to 0.60%, 0.90%, 0.50%, 0.90% and 0.45% are applied daily against the net assets representing equity of VAL, PRUvider, PruSelect III, SVUL and VUL contract owners held in each subaccount, respectively. Mortality risk is that contract owners may not live as long as estimated and expense risk is that the cost of issuing and administering the policies may exceed related charges by Pruco Life of New Jersey. Pruco Life of New Jersey currently intends to charge only 0.25% on PruSelect III contracts but reserves the right to make the full 0.50% charge. For VUL contracts Pruco Life of New Jersey intends to charge only 0.25% but reserves the right to charge 0.45%.

## B. Deferred Sales Charge

A deferred sales charge is imposed upon surrenders of certain VAL, PRUvider, SVUL and VUL contracts to compensate Pruco Life of New Jersey for sales and other marketing expenses. The amount of any sales charge will depend on the number of years that have elapsed since the contract was issued. No sales charge will be imposed after the tenth year of the contract. No sales charge will be imposed on death benefits.

## C. Partial Withdrawal Charge

A charge is imposed by Pruco Life of New Jersey on partial withdrawals of the cash surrender value. A charge equal to the lesser of \$15 or 2% and \$25 or 2% will be made in connection with each partial withdrawal of the cash surrender value of a VAL or PRUvider contract and PruSelect III, SVUL or VUL contract, respectively.

## D. Expense Reimbursement

The Account is reimbursed by Pruco Life of New Jersey for expenses in excess of 0.40% of the VAL product's average daily net assets incurred by the Money Market, Diversified Bond, Equity, Flexible Managed and Conservative Balanced Portfolios of the Series Fund.

## E. Cost of Insurance and Other Related Charges

Contract owner contributions are subject to certain deductions prior to being invested in the Account. The deductions are for (1) transaction costs which are deducted from each premium payment to cover premium collection

and processing costs; (2) state premium taxes; (3) sales charges which are deducted in order to compensate Pruco Life of New Jersey for the cost of selling the contract. Contracts are also subject to monthly charges for the costs of administering the contract and to compensate Pruco Life of New Jersey for the guaranteed minimum death benefit risk.

Note 6: Taxes

Pruco Life is taxed as a "life insurance company" as defined by the Internal Revenue Code. The results of operations of the Account form a part of Prudential's consolidated federal tax return. Under current federal law, no federal income taxes are payable by the Account. As such, no provision for tax liability has been recorded in these financial statements.

Note 7: Net Increase (Decrease) in Net Assets Retained in the Account

The increase (decrease) in net assets retained in the Account represents the net contributions (withdrawals) of Pruco Life of New Jersey to (from) the Account. Effective October 13, 1998, Pruco Life of New Jersey no longer maintains a position in the Account. Previously, Pruco Life of New Jersey maintained a position in the Account for liquidity purposes including unit purchases and redemptions, fund share transactions and expense processing.

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Note 8: Unit Activity

Transactions in units (including transfers among subaccounts) for the years ended December 31, 2000, 1999 and 1998 were as follows:

<TABLE>  
<CAPTION>

SUBACCOUNTS

-----			
-----			
Diversified Bond		Money Market	
Portfolio		Portfolio	
-----			
-----			
2000	1999	2000	1999
2000	1999	2000	1998
-----			
-----			





<C>	<C>	<C>		
Contract Owner Contributions:			3,205,888	10,650,541
25,612,492	4,440,077	4,934,733	1,808,411	
Contract Owner Redemptions:			(910,208)	(12,168,789)
(14,154,931)	(1,064,529)	(810,425)	(520,419)	

Note 9: Purchases and Sales of Investments

The aggregate costs of purchases and proceeds from sales of investments in the Series Fund for the year ended December 31, 2000 were as follows:

<TABLE>  
<CAPTION>

	PORTFOLIOS		
	Money Market	Diversified Bond	
Equity			
<S>	<C>	<C>	<C>
Purchases .....	\$ 2,389,336	\$ 883,859	\$
266,466			
Sales .....	\$ (2,915,290)	\$ (1,911,559)	
\$ (27,124,900)			

<CAPTION>

	PORTFOLIOS (Continued)		
	High Yield Bond	Stock Index	
Prudential			
Jennison			
<S>	<C>	<C>	<C>
Purchases .....	\$ 198,855	\$ 15,241,068	\$
12,480,027			
Sales .....	\$ (1,385,330)	\$ (2,476,719)	\$
(449,403)			

To the Contract Owners of the  
PruLife Custom Premier Subaccounts of the  
Pruco Life of New Jersey Variable Appreciable Account  
and the Board of Directors of  
Pruco Life Insurance Company of New Jersey

In our opinion, the accompanying statements of net assets and the related statements of operations and of changes in net assets present fairly, in all material respects, the financial position of the subaccounts (Prudential Money Market Portfolio, Prudential Diversified Bond Portfolio, Prudential Equity Portfolio, Prudential High Yield Bond Portfolio, Prudential Stock Index Portfolio, and Prudential Jennison Portfolio) of the PruLife Custom Premier Subaccounts of the Pruco Life of New Jersey Variable Appreciable Account at December 31, 2000, and the results of each of their operations and the changes in each of their net assets for each of the three years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of Pruco Life Insurance Company of New Jersey; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of fund shares owned at December 31, 2000 with the transfer agent for The Prudential Series Fund, Inc., provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP  
New York, New York

March 30, 2001

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Pruco Life Insurance Company of New Jersey

Statements of Financial Position  
As of March 31, 2001 and December 31, 2000 (In Thousands)

-----

<TABLE>  
<CAPTION>

(Unaudited)

March 31,                      December 31,  
2001                                      2000

-----

<S>

<C>                                      <C>

ASSETS

Fixed maturities

Available for sale, at fair value (amortized cost, 2001: \$643,554; and  
2000: \$614,858)                      \$ 653,022                      \$ 612,851

Held to maturity, at amortized cost (fair value, 2000: \$7,259)  
--    7,470

Policy loans

154,682                                      152,111

Short-term investments

5,568    28,759

Other long-term investments

3,540    3,577

-----

Total investments

816,812                                      804,768

Cash and cash equivalents

91,201    65,237

Deferred policy acquisition costs

111,385                                      116,653

Accrued investment income

14,107    13,781

Receivables from affiliate

20,112    22,265

Other assets

1,453    292

Separate Account assets

1,639,777                                      1,805,584

-----

TOTAL ASSETS

\$ 2,694,847                                      \$ 2,828,580

=====

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Policyholders' account balances

\$ 441,618                                      \$ 434,442

Future policy benefits and other policyholder liabilities	108,915	108,218
Cash collateral for loaned securities	65,593	48,309
Securities sold under agreements to repurchase	--	9,754
Income taxes payable	34,132	29,913
Other liabilities	13,078	8,793
Separate Account liabilities	1,639,777	1,805,584
	-----	-----
Total liabilities	\$ 2,303,113	\$ 2,445,013
	-----	-----
Contingencies - (See Footnote 2)		
Stockholder's Equity		
Common stock, \$5 par value;		
400,000 shares, authorized;		
issued and outstanding at		
March 31, 2001 and December 31, 2000	2,000	2,000
Paid-in-capital	128,689	128,689
Retained earnings	257,924	253,641
Accumulated other comprehensive income(loss)	3,121	(763)
	-----	-----
Total stockholder's equity	391,734	383,567
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 2,694,847	\$ 2,828,580
	=====	=====

</TABLE>

See Notes to Financial Statements

Statements of Operations and Comprehensive Income (Unaudited)  
 Three Months Ended March 31, 2001 and 2000 (In Thousands)

<TABLE>

<CAPTION>

	Three
months ended	
March 31,	
2000	2001
-----	-----
<S>	<C>
<C>	
<b>REVENUES</b>	
Premiums	\$ 2,912
\$ 1,489	
Policy charges and fee income	10,648
13,926	
Net investment income	14,053
13,716	
Realized investment gains(losses), net	980
(1,312)	
Asset management fees	162
2,041	
Other income	193
46	
-----	-----
Total revenues	28,948
29,906	
-----	-----
<b>BENEFITS AND EXPENSES</b>	
Policyholders' benefits	7,727
7,720	
Interest credited to policyholders' account balances	5,145
4,410	
General, administrative and other expenses	9,679
12,160	
-----	-----

Total benefits and expenses	22,551
24,290	-----
-----	
Income from operations before income taxes	6,397
5,616	-----
-----	
Income tax provision	2,114
1,966	-----
-----	
NET INCOME	\$ 4,283
\$ 3,650	-----
-----	
Net unrealized investment gains on securities, net of reclassification adjustment and taxes	3,884
793	-----
-----	
TOTAL COMPREHENSIVE INCOME	\$ 8,167
\$ 4,443	=====
=====	

</TABLE>

See Notes to Financial Statements

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Pruco Life Insurance Company of New Jersey

Statements of Changes in Stockholder's Equity (Unaudited)  
Periods ended March 31, 2001 and December 31, 2000 and 1999 (In Thousands)

-----  
<TABLE>  
<CAPTION>

Accumulated

	other	Total	Common	Paid - in -
Retained	comprehensive	stockholder's	stock	capital
earnings	income (loss)	equity		
-----	-----	-----	-----	-----
<S>			<C>	<C>
<C>	<C>	<C>		
Balance, January 1, 1999			\$ 2,000	\$ 125,000
\$ 217,260	\$ 1,593	\$ 345,853		
Net income			--	--
12,797	--	12,797		
Change in net unrealized investment losses, net of net of reclassification and taxes			--	--
--	(7,681)	(7,681)		
-----	-----	-----	-----	-----
Balance, December 31, 1999			\$ 2,000	\$ 125,000
\$ 230,057	\$ (6,088)	\$ 350,969		
Contribution			--	3,689
--	--	3,689		
Net income			--	--
23,584	--	23,584		
Change in net unrealized investment losses, net of reclassification and taxes			--	--
--	5,325	5,325		
-----	-----	-----	-----	-----
Balance, December 31, 2000			\$ 2,000	\$ 128,689
\$ 253,641	\$ (763)	\$ 383,567		
Net income			--	--
4,283	--	4,283		
Change in net unrealized investment gains, net of reclassification and taxes			--	--
--	3,884	3,884		
-----	-----	-----	-----	-----
Balance, March 31, 2001			\$ 2,000	\$ 128,689
\$ 257,924	\$ 3,121	\$ 391,734		
=====	=====	=====	=====	=====

</TABLE>

## Pruco Life Insurance Company of New Jersey

## Statements of Cash Flows (Unaudited)

Three Months Ended March 31, 2001 and 2000 (In Thousands)

&lt;TABLE&gt;

&lt;CAPTION&gt;

Three months ended,

March 31,

2001

2000

&lt;S&gt;

&lt;C&gt;

&lt;C&gt;

## CASH FLOWS FROM OPERATING ACTIVITIES:

Net income

\$ 4,283 \$ 3,650

Adjustments to reconcile net income to net cash (used in) provided by  
Operating activities:

Policy charges and fee income

(2,506) (2,564)

Interest credited to policyholders' account balances

5,145 4,410

Realized investment (gains) losses, net

(980) 1,312

Amortization and other non-cash items

(9,738) (1,927)

Change in:

Future policy benefits and other policyholders' liabilities

697 208

Accrued investment income

(326) (66)

Policy loans

(2,571) (984)

Receivable from affiliates

2,153 742

Deferred policy acquisition costs

5,268 2,048



	Income taxes payable	
4,219	(4,672)	
	Other, net	
3,124	5,525	
-----	-----	
Cash Flows From Operating Activities		
8,768	7,682	
-----	-----	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale/maturity of:		
Fixed maturities available for sale		
229,229	142,393	
Payments for the purchase of:		
Fixed maturities available for sale		
(248,654)	(143,546)	
Cash collateral for loaned securities, net		
17,284	3,392	
Securities sold under agreements to repurchase, net		
(9,754)	4,656	
Other long-term investments		
37	1,021	
Short term investments, net		
23,191	(4,849)	
-----	-----	
Cash Flows From Investing Activities		
11,333	3,067	
-----	-----	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Policyholders' account balances:		
Deposits		
27,034	49,420	
Withdrawals		
(21,171)	(48,836)	
-----	-----	
Cash Flows From Financing Activities		
5,863	584	
-----	-----	
Net increase in Cash and cash equivalents		
25,964	11,333	
Cash and cash equivalents, beginning of year		
65,237	27,590	
-----	-----	
CASH AND CASH EQUIVALENTS, END OF PERIOD		
\$ 91,201	\$ 38,923	

=====  
</TABLE>

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See Notes to Financial Statements

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Pruco Life Insurance Company of New Jersey

Notes to Financial Statements (Unaudited)  
-----

## 1. BASIS OF PRESENTATION

The accompanying interim financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q on the basis of accounting principles generally accepted in the United States. These interim financial statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to provide a fair presentation of the results of operations and financial condition of the Pruco Life Insurance Company of New Jersey ("the Company"), for the interim periods presented. The Company is a wholly-owned subsidiary of the Pruco Life Insurance Company ("Pruco Life") which in turn is a wholly-owned subsidiary of The Prudential Insurance Company of America ("Prudential"). All such adjustments are of a normal recurring nature. The results of operations for any interim period are not necessarily indicative of results for a full year. Certain amounts in the Company's prior year financial statements have been reclassified to conform to the 2001 presentation. These financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

## 2. CONTINGENCIES AND LITIGATION

Prudential and the Company are subject to legal and regulatory actions in the ordinary course of our businesses, including class actions. Pending legal and regulatory actions include proceedings relating to aspects of our businesses and operations that are specific to the Company and Prudential and that are typical of the businesses in which the Company and Prudential operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages.

Beginning in 1995, regulatory authorities and customers brought significant regulatory actions and civil litigation against the Company and Prudential involving individual life insurance sales practices. In 1996, Prudential, on behalf of itself and many of its life insurance subsidiaries including the Company entered into settlement agreements with relevant insurance regulatory authorities and plaintiffs in the principal life insurance sales practices class

action lawsuit covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995. Pursuant to the settlements, the companies agreed to various changes to their sales and business practices controls, to a series of fines, and to provide specific forms of relief to eligible class members. Virtually all claims by class members filed in connection with the settlements have been resolved and virtually all aspects of the remediation program have been satisfied. While the approval of the class action settlement is now final, Prudential and the Company remain subject to oversight and review by insurance regulators and other regulatory authorities with respect to its sales practices and the conduct of the remediation program. The U.S. District Court has also retained jurisdiction as to all matters relating to the administration, consummation, enforcement and interpretation of the settlements.

As of March 31, 2001, Prudential and/or the Company remained a party to approximately 61 individual sales practices actions filed by policyholders who "opted out" of the class action settlement relating to permanent life insurance policies issued in the United States between 1982 and 1995. In addition, there were 48 sales practices actions pending that were filed by policyholders who were members of the class and who failed to "opt out" of the class action settlement. Prudential and the Company believe that those actions are governed by the class settlement release and expect them to be enjoined and/or dismissed. Additional suits may be filed by class members who "opted out" of the class settlements or who failed to "opt out" but nevertheless seek to proceed against Prudential and/or the Company. A number of the plaintiffs in these cases seek large and/or indeterminate amounts, including punitive or exemplary damages. Some of these actions are brought on behalf of multiple plaintiffs. It is possible that substantial punitive damages might be awarded in any of these actions and particularly in an action involving multiple plaintiffs.

Prudential has indemnified the Company for any liabilities incurred in connection with sales practices litigation covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995.

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

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Pruco Life Insurance Company of New Jersey

Notes to Financial Statements (Unaudited)

-----

### 3. RELATED PARTY TRANSACTIONS

The Company has extensive transactions and relationships with Prudential and other affiliates. It is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

#### Expense Charges and Allocations

All of the Company's expenses are allocations or charges from Prudential or other affiliates. These expenses can be grouped into the following categories: general and administrative expenses, retail distribution expenses and asset management fees.

The Company's general and administrative expenses are charged to the Company using allocation methodologies based on business processes. Management believes that the methodology is reasonable and reflects costs incurred by Prudential to process transactions on behalf of the Company. Prudential and the Company operate under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided by Prudential.

The Company is allocated estimated distribution expenses from Prudential's retail agency network for both its domestic life and annuity products. The Company has capitalized the majority of these distribution expenses as deferred policy acquisition costs. Beginning April 1, 2000, Prudential and the Company agreed to revise the estimate of allocated distribution expenses to reflect a market based pricing arrangement.

In accordance with a profit sharing agreement with Prudential that was in effect through December 31, 2000, the Company received fee income from policyholder account balances invested in the Prudential Series Funds ("PSF"). These revenues were recorded as "Asset management fees" in the Statements of Operations and Comprehensive Income. The Company was charged an asset management fee by Prudential Global Asset Management ("PGAM") and Jennison Associates LLC ("Jennison") for managing the PSF portfolio. These expenses are a component of general, administrative and other expenses.

On September 29, 2000, the Board of Directors for the Prudential Series Fund, Inc. ("PSFI") adopted resolutions to terminate the existing management agreement between PSFI and Prudential, and has appointed another subsidiary of Prudential as the fund manager for PSF. The change was approved by the shareholders of the PSFI during early 2001 and effective January 1, 2001, the Company will no longer receives fees associated with the PSF. In addition, the Company will no longer incur the asset management expense from PGAM and Jennison associated with the PSF.

#### Corporate Owned Life Insurance

The Company has sold a Corporate Owned Life Insurance ("COLI") policy to

Prudential. The cash surrender value included in Separate Accounts was \$165.2 million and \$182.4 million at March 31, 2001 and December 31, 2000, respectively.

#### Reinsurance

The Company currently has a reinsurance agreement in place with Prudential ("the reinsurer"). The reinsurance agreement is a yearly renewable term agreement in which the Company may offer and the reinsurer may accept reinsurance on any life in excess of the Company's maximum limit of retention. The Company is not relieved of its primary obligation to the policyholder as a result of these reinsurance transactions. These agreements had no material effect on net income for the periods ended March 31, 2001 and 2000.

#### Debt Agreements

In July 1998, the Company established a revolving line of credit facility with Prudential Funding LLC, a wholly-owned subsidiary of Prudential. There is no outstanding debt relating to this credit facility as of March 31, 2001 or December 31, 2000.

#### 4. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FASB Statement No. 125". The Company is currently evaluating the effect of adopting the provisions of SFAS No. 140 relating to transfers and extinguishments of liabilities which are effective for periods occurring after March 31, 2001. The Company has adopted in these financial statements disclosures about collateral and for recognition and reclassification of collateral required under the statement for fiscal years ending after December 15, 2000.

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Pruco Life Insurance Company of New Jersey

Notes to Financial Statements (Unaudited)

---

#### 5. DERIVATIVE INSTRUMENTS

Adoption of Statement of Financial Accounting Standards (SFAS) No. 133

The Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", on January 1, 2001. The Company was not required to record a net-of-tax cumulative adjustment to earnings as all derivatives were already at fair value. As part of the implementation, the Company reclassified

held-to-maturity securities, amounting to approximately \$7.5 million at January 1, 2001, to the available-for-sale category. This reclassification resulted in the recognition of a net unrealized loss of approximately \$.2 million, net of tax, which was recorded as a component of "Accumulated other comprehensive income/(loss)" on the implementation date.

## Accounting for Derivatives and Hedging Activities

A derivative is a financial instrument whose price, performance or cash flow is based upon the actual or expected price, level, performance, value or cash flow of some external benchmark, such as interest rates, foreign exchange rates, securities, commodities, or various financial indices. Derivative financial instruments can be exchange-traded or contracted in the over-the-counter market and include swaps, futures, forwards and options contracts.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered into the Company designates the derivative as (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge), (2) a hedge of the exposure to variable cash flows of a forecasted transaction (cash flow hedge), or (3) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, or a foreign-currency-denominated asset, liability or forecasted transaction (foreign currency hedge). The accounting for changes in fair value of a derivative depends on its intended use and designation. For a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item. For a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. For a foreign currency hedge, the gain or loss is reported in other comprehensive income as part of the foreign currency translation adjustment. The accounting for a fair value hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of an unrecognized firm commitment or an available-for-sale security. Similarly, the accounting for a cash flow hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of a foreign-currency-denominated forecasted transaction. For all other derivatives not designated as hedging instruments, the gain or loss is recognized in earnings in the period of change.

## Futures

The Company uses exchange-traded Treasury futures and options to reduce market risk from changes in interest rates, and to manage the duration of assets and the duration of liabilities supported by those assets. In exchange-traded futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which are determined by the value of designated classes of Treasury securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures and options with regulated futures commissions merchants who are members of a trading exchange. The fair

value of futures and options is based on market quotes.

Treasury futures move substantially in value as interest rates change and can be used to either modify or hedge existing interest rate risk. This strategy protects against the risk that cash flow requirements may necessitate liquidation of investments at unfavorable prices resulting from increases in interest rates. This strategy can be a more cost effective way of temporarily reducing the Company's exposure to a market decline than selling fixed income securities and purchasing a similar portfolio when such a decline is believed to be over.

If futures meet hedge accounting criteria, changes in their fair value are reported in current earnings or other comprehensive income depending on the hedge type as described above for qualifying fair value or cash flow hedges. Futures that do not qualify as hedges are carried at fair value with changes in value reported in current period earnings. The notional and fair value of futures contracts was \$62.2 million and \$ (.1) million at March 31, 2001, respectively. The notional and fair value of futures contracts was \$3.6 million and \$.1 million at December 31, 2000, respectively.

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Pruco Life Insurance Company of New Jersey

Statements of Financial Position  
December 31, 2000 and 1999 (In Thousands)

<TABLE>

<CAPTION>

2000

1999

<S>

<C>

<C>

ASSETS

Fixed maturities

Available for sale, at fair value (amortized cost, 2000: \$614,858; and

1999: \$604,223)

\$ 612,851

\$ 585,271

Held to maturity, at amortized cost (fair value, 2000: \$7,259; and

1999: \$6,938)

7,470

7,470

Policy loans

152,111	143,815
Short-term investments	
28,759	-
Other long-term investments	
3,577	2,520

-----	-----
	Total investments
804,768	739,076
Cash and cash equivalents	
65,237	27,590
Deferred policy acquisition costs	
116,653	129,184
Accrued investment income	
13,781	12,492
Receivables from affiliate	
22,265	16,231
Other assets	
292	474
Separate Account assets	
1,805,584	1,827,484

-----	-----
	TOTAL ASSETS
\$2,828,580	\$2,752,531

=====	=====
-------	-------

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities

Policyholders' account balances

\$ 434,442	\$ 416,492
Future policy benefits and other policyholder liabilities	
108,218	104,750
Cash collateral for loaned securities	
48,309	17,900
Securities sold under agreements to repurchase	
9,754	-
Income taxes payable	
29,913	27,829
Other liabilities	
8,793	7,107
Separate Account liabilities	
1,805,584	1,827,484

-----	-----
	Total liabilities
2,445,013	2,401,562

-----	-----
	Contingencies - (See Footnote 11)



Stockholder's Equity	
Common stock, \$5 par value;	
400,000 shares, authorized;	
issued and outstanding at	
December 31, 2000 and 1999	
2,000	2,000
Paid-in-capital	
128,689	125,000
Retained earnings	
253,641	230,057
Accumulated other comprehensive (loss) income	
(763)	(6,088)

-----	
Total stockholder's equity	
383,567	350,969

-----	
TOTAL LIABILITIES AND	
STOCKHOLDER'S EQUITY	
\$2,828,580	\$2,752,531

=====  
</TABLE>

See Notes to Financial Statements

B-1

<TABLE>  
<CAPTION>

Pruco Life Insurance Company of New Jersey

Statements of Operations and Comprehensive Income  
Years Ended December 31, 2000, 1999 and 1998 (In Thousands)

-----		2000
1999	1998	-----
-----		
<S>		<C>
<C>	<C>	
REVENUES		
Premiums		
\$ 6,742	\$ 7,282	\$ 5,717

Policy charges and fee income		55,231
52,714	53,152	
Net investment income		54,524
47,600	47,032	
Realized investment (losses) gains, net		(1,045)
(5,013)	8,446	
Asset management fees		8,467
7,407	5,641	
Other income		331
386	114	
-----	-----	-----
Total revenues		123,225
109,836	121,667	
-----	-----	-----
BENEFITS AND EXPENSES		
Policyholders' benefits		28,201
26,237	30,679	
Interest credited to policyholders' account balances		19,326
18,846	19,038	
General, administrative and other expenses		39,415
45,065	22,557	
-----	-----	-----
Total benefits and expenses		86,942
90,148	72,274	
-----	-----	-----
Income from operations before income taxes		36,283
19,688	49,393	
-----	-----	-----
Income tax provision		12,699
6,891	17,570	
NET INCOME		23,584
12,797	31,823	
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities, net of reclassification adjustment		5,325
(7,681)	(1,363)	
-----	-----	-----

-----	-----		
TOTAL COMPREHENSIVE INCOME		\$ 28,909	\$
5,116	\$ 30,460		
=====	=====	=====	

</TABLE>

See Notes to Financial Statements

B-2

Pruco Life Insurance Company of New Jersey

Statements of Changes in Stockholder's Equity  
Years Ended December 31, 2000, 1999 and 1998 (In Thousands)

<TABLE>  
<CAPTION>

Accumulated

other	Total	Common	Paid-in-	Retained
comprehensive	stockholder's	stock	capital	earnings
income (loss)	equity			
-----	-----	-----	-----	-----
<S>		<C>	<C>	<C>
<C>	<C>			
Balance, December 31, 1997		\$2,000	\$125,000	\$185,437
\$ 2,956	\$315,393			
Net income		-	-	31,823
-	31,823			
Change in net unrealized				
investment (losses) gains,				
net of reclassification				
and taxes		-	-	-
(1,363)	(1,363)			
-----	-----	-----	-----	-----
Balance, December 31, 1998		2,000	125,000	217,260
1,593	345,853			
Net income		-	-	12,797

-	12,797			
Change in net unrealized investment (losses) gains, net of reclassification and taxes				
(7,681)	(7,681)	-	-	-
-----				
Balance, December 31, 1999		2,000	125,000	230,057
(6,088)	350,969			
Contribution				
	3,689		3,689	
Net income				
-	23,584	-	-	23,584
Change in net unrealized investment (losses) gains, net of reclassification and taxes				
5,325	5,325	-	-	-
-----				
Balance, December 31, 2000		\$2,000	\$128,689	\$253,641
\$ (763)	\$383,567			
=====				

</TABLE>

See Notes to Financial Statements

B-3

Pruco Life Insurance Company of New Jersey

Statements of Cash Flows

Years Ended December 31, 2000, 1999 and 1998 (In Thousands)

<TABLE>

<CAPTION>

	1999	1998	2000
			-----
<S>			<C>
<C>	<C>		

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income		\$ 23,584
\$ 12,797	\$ 31,823	
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Policy charges and fee income		(9,881)
(11,399)	(5,180)	
Interest credited to policyholders' account balances		19,326
18,846	19,038	
Realized investment losses (gains), net		1,045
5,013	(8,446)	
Amortization and other non-cash items		(9,254)
18,092	2,497	
Change in:		
Future policy benefits and other policyholders' liabilities		3,468
14,918	5,304	
Accrued investment income		(1,289)
(283)	1,866	
Policy loans		(8,296)
(4,372)	(12,137)	
Receivable from affiliates		(6,034)
(19,723)	(815)	
Deferred policy acquisition costs		12,531
(15,261)	(12,298)	
Income taxes payable		2,084
2,504	(9,826)	
Contribution from parent		3,689
-	-	
Other, net		1,868
2,523	(8,954)	
-----	-----	-----
Cash Flows From Operating Activities		32,841
23,655	2,872	
-----	-----	-----

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from the sale/maturity of:		
Fixed maturities:		
Available for sale		396,117
702,380	1,001,096	
Payments for the purchase of:		
Fixed maturities:		
Available for sale		(411,579)
(695,198)	(1,029,988)	
Held to maturity		-
(7,470)	-	
Other long term investments, net		(1,058)
99	(854)	
Cash collateral for loaned securities, net		30,409
(16,524)	761	

Securities sold under agreements to repurchase, net		9,754
(27,210)	27,210	
Short term investments, net		(28,756)
11,040	6,800	
-----	-----	
Cash Flows (Used in) From Investing Activities		(5,113)
(32,883)	5,025	
-----	-----	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Policyholders' account balances:		
Deposits		170,978
258,417	298,391	
Withdrawals		(161,060)
(264,373)	(298,149)	
-----	-----	
Cash Flows From (Used in) Financing Activities		9,918
(5,956)	242	
-----	-----	
Net increase (decrease) in Cash and cash equivalents		37,647
(15,184)	8,139	
Cash and cash equivalents, beginning of year		27,590
42,774	34,635	
-----	-----	
CASH and CASH EQUIVALENTS, END OF PERIOD		\$ 65,237
\$ 27,590	\$ 42,774	
=====	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid		\$ 13,421
\$ 480	\$ 27,083	
=====	=====	=====

</TABLE>

See Notes to Financial Statements

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Notes to Financial Statements

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## 1. BUSINESS

Pruco Life Insurance Company of New Jersey ("the Company") is a stock life insurance company organized in 1982 under the laws of the state of New Jersey. The Company is licensed to sell individual life insurance, variable life insurance, variable annuities, and fixed annuities ("the Contracts") only in the states of New Jersey and New York.

The Company is a wholly owned subsidiary of Pruco Life Insurance Company ("Pruco Life"), a stock life insurance company organized in 1971 under the laws of the state of Arizona. Pruco Life, in turn, 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 in the process of reorganizing itself into a publicly traded stock company through a process known as "demutualization." On February 10, 1998, Prudential's Board of Directors authorized management to take the preliminary steps necessary to permit Prudential to demutualize and become a stock company. On July 1, 1998, legislation was enacted in New Jersey that would permit this demutualization to occur and that specified the process of demutualization. On December 15, 2000, Prudential's Board of Directors unanimously adopted the Plan of Reorganization, which provides the framework under which Prudential will convert from a mutual structure to stock ownership. Demutualization is a complex process involving development of a plan of reorganization, a public hearing, approval by two-thirds of the qualified policyholders who vote on the plan (with at least one million qualified policyholders voting) and review and approval by the New Jersey Commissioner of Banking and Insurance. Prudential is working toward completing this process in 2001. However, there is no certainty that the demutualization will be completed in this time frame or that the necessary approvals will be obtained. It is also possible that after careful review, Prudential could decide not to demutualize or could decide to delay its plans.

The Company is engaged in a business that is highly competitive because of the large number of stock and mutual life insurance companies and other entities engaged in marketing insurance products, and individual annuities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company has extensive transactions and relationships with Prudential and other affiliates, as more fully described in Footnote 13. Due to these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties. All significant intercompany transactions and balances have been eliminated in consolidation.

## Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, in particular deferred policy acquisition costs ("DAC") and future policy benefits, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

## Investments

Fixed maturities classified as "available for sale" are carried at estimated fair value. Fixed maturities that the Company has both the intent and ability to hold to maturity are stated at amortized cost and classified as "held to maturity". The amortized cost of fixed maturities is written down to estimated fair value if a decline in value is considered to be other than temporary. Unrealized gains and losses on fixed maturities "available for sale", including the effect on deferred policy acquisition costs and policyholders' account balances that would result from the realization of unrealized gains and losses, net of income taxes, are included in a separate component of equity, "Accumulated other comprehensive income (loss)."

Policy loans are carried at unpaid principal balances.

Short-term investments, consisting of highly liquid debt instruments other than those held in "Cash and cash equivalents" with a maturity of twelve months or less when purchased, are carried at amortized cost, which approximates fair value.

Realized investment (losses) gains, net are computed using the specific identification method. Costs of fixed maturity and equity securities are adjusted for impairments considered to be other than temporary.

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## Notes to Financial Statements

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Cash and cash equivalents

Includes cash on hand, amounts due from banks, money market instruments, and other debt issues with a maturity of three months or less when purchased.

#### Deferred Policy Acquisition Costs

The costs that vary with and that are related primarily to the production of new insurance and annuity business are deferred to the extent that they are deemed recoverable from future profits. Such costs include certain



commissions, costs of policy issuance and underwriting, and variable field office expenses. Deferred policy acquisition costs are subject to recognition testing at the time of policy issue and recoverability and premium deficiency testing at the end of each accounting period. Deferred policy acquisition costs, for certain products, are adjusted for the impact of unrealized gains or losses on investments as if these gains or losses had been realized, with corresponding credits or charges included in "Accumulated other comprehensive (loss) income."

Policy acquisition costs related to interest-sensitive and variable life products and certain investment-type products are deferred and amortized over the expected life of the contracts (periods ranging from 25 to 30 years) in proportion to estimated gross profits arising principally from investment results, mortality and expense margins, and surrender charges based on historical and anticipated future experience, which is updated periodically. The effect of changes to estimated gross profits on unamortized deferred acquisition costs is reflected in "General and administrative expenses" in the period such estimated gross profits are revised.

Prudential and the Company have offered programs under which policyholders, for a selected product or group of products, can exchange an existing policy or contract issued by Prudential or the Company for another form of policy or contract. These transactions are known as internal replacements. If the new policies have terms that are substantially similar to those of the earlier policies, the DAC is retained with respect to the new policies and amortized over the life of the new policies. If the terms of the new policies are not substantially similar to those of the former policy, the unamortized DAC on the surrendered policies is immediately charged to expense.

#### Securities loaned

Securities loaned are treated as financing arrangements and are recorded at the amount of cash received as collateral. The Company obtains collateral in an amount equal to 102% and 105% of the fair value of the domestic and foreign securities, respectively. The Company monitors the market value of securities loaned on a daily basis with additional collateral obtained as necessary.

Non-cash collateral received is not reflected in the consolidated statements of financial position because the debtor typically has the right to redeem the collateral on short notice. Substantially all of the Company's securities loaned are with large brokerage firms.

#### Securities sold under agreements to repurchase

Securities sold under agreements to repurchase are treated as financing arrangements and are carried at the amounts at which the securities will be subsequently reacquired, including accrued interest, as specified in the respective agreements. Assets to be repurchased are the same, or substantially the same, as the assets transferred and the transferor, through right of substitution, maintains the right and ability to redeem the collateral on short notice. The market value of securities to be repurchased is monitored and additional collateral is obtained, where appropriate, to

protect against credit exposure.

Securities lending and securities repurchase agreements are used to generate net investment income and facilitate trading activity. These instruments are short-term in nature (usually 30 days or less). Securities loaned are collateralized principally by U.S. Government and mortgage-backed securities. Securities sold under repurchase agreements are collateralized principally by cash. The carrying amounts of these instruments approximate fair value because of the relatively short period of time between the origination of the instruments and their expected realization.

#### Separate Account Assets and Liabilities

Separate Account assets and liabilities are reported at estimated fair value and represent segregated funds which are invested for certain policyholders and other customers. The assets consist of common stocks, fixed maturities, real estate related securities, and short-term investments. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company. Investment risks associated with market value changes are borne by the customers, except to the extent

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#### Notes to Financial Statements

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of minimum guarantees made by the Company with respect to certain accounts. The investment income and gains or losses for Separate Accounts generally accrue to the policyholders and are not included in the Consolidated Statements of Operations and Comprehensive Income. Mortality, policy administration and surrender charges on the accounts are included in "Policy charges and fee income".

Separate Accounts represent funds for which investment income and investment gains and losses accrue directly to, and investment risk is borne by, the policyholders, with the exception of the Pruco Life Modified Guaranteed Annuity Account. The Pruco Life Modified Guaranteed Annuity Account is a non-unitized Separate Account, which funds the Modified Guaranteed Annuity Contract and the Market Value Adjustment Annuity Contract. Owners of the Pruco Life Modified Guaranteed Annuity and the Market Value Adjustment Annuity Contracts do not participate in the investment gain or loss from assets relating to such accounts. Such gain or loss is borne, in total, by the Company.

#### Insurance Revenue and Expense Recognition

Premiums from insurance policies are generally recognized when due. Benefits are recorded as an expense when they are incurred. For traditional life insurance contracts, a liability for future policy benefits is recorded using the net level premium method. For individual annuities in payout status, a liability for future policy benefits is recorded for the present value of expected future payments based on historical experience.

Amounts received as payment for interest-sensitive life, individual annuities and guaranteed investment contracts are reported as deposits to "Policyholders' account balances". Revenues from these contracts reflected as "Policy charges and fee income" consist primarily of fees assessed during the period against the policyholders' account balances for mortality charges, policy administration charges and surrender charges. Benefits and expenses for these products include claims in excess of related account balances, expenses of contract administration, interest credited and amortization of deferred policy acquisition costs.

#### Asset Management Fees

The Company receives asset management fee income from policyholder account balances invested in The Prudential Series Fund ("PSF"), which are a portfolio of mutual fund investments related to the Company's Separate Account products. In addition, the Company receives fees from policyholder account balances invested in funds managed by companies other than Prudential. Asset management fees are recognized as income as earned.

#### Derivative Financial Instruments

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, or the value of securities or commodities. Derivative financial instruments used by the Company include swaps, futures, forwards and option contracts and may be exchange-traded or contracted in the over-the-counter market. The Company uses derivative financial instruments to seek to reduce market risk from changes in interest rates or foreign currency exchange rates and to alter interest rate or currency exposures arising from mismatches between assets and liabilities.

To qualify for hedge accounting treatment, derivatives must be designated as hedges for existing assets, liabilities, firm commitments or anticipated transactions which are identified and probable to occur, and effective in reducing the market risk to which the Company is exposed. The effectiveness of the derivatives is evaluated at the inception of the hedge and throughout the hedge period. All derivatives used by the Company are for other than trading purposes.

Derivatives held for purposes other than trading are primarily used to seek to reduce exposure to interest rate and foreign currency risks associated with assets held or expected to be purchased or sold, and liabilities incurred or expected to be incurred. Additionally, other than trading derivatives are used to change the characteristics of the Company's asset/liability mix as part of the Company's risk management activities.

See Note 10 for a discussion of the accounting treatment of derivatives that

qualify for hedge accounting treatment. If the Company's use of other than trading derivatives does not meet the criteria to apply hedge accounting, the derivatives are recorded at fair value in "Other long-term investments" or "Other liabilities" in the Consolidated Statements of Financial Position, and changes in their fair value are included in "Realized investment (losses)gains, net" without considering changes in fair value of the hedged assets or liabilities. Cash flows from other than trading derivatives are reported in the investing activities section in the Consolidated Statements of Cash Flows.

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## Notes to Financial Statements

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income Taxes

The Company is a member of the consolidated federal income tax return of Prudential and files separate company state and local tax returns. Pursuant to the tax allocation arrangement with Prudential, total federal income tax expense is determined on a separate company basis. Members with losses record tax benefits to the extent such losses are recognized in the consolidated federal tax provision. Deferred income taxes are generally recognized, based on enacted rates, when assets and liabilities have different values for financial statement and tax reporting purposes. A valuation allowance is recorded to reduce a deferred tax asset to that portion that is expected to be realized.

#### New Accounting Pronouncements

In September 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FASB Statement No. 125". The Company is currently evaluating the effect of adopting the provisions of SFAS No. 140 relating to transfers and extinguishments of liabilities which are effective for periods occurring after March 31, 2001. The Company has adopted in these financial statements disclosures about collateral and for recognition and reclassification of collateral required under the statement for fiscal years ending after December 15, 2000.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and, in June 2000, SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133". SFAS No. 133, as amended by SFAS No. 138 (collectively "SFAS No. 133"), requires that companies recognize all

derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS No. 133 does not apply to most traditional insurance contracts. However, certain hybrid contracts that contain features which may affect settlement amounts similarly to derivatives may require separate accounting for the "host contract" and the underlying "embedded derivative" provisions. The latter provisions would be accounted for as derivatives as specified by the statement.

SFAS No. 133 provides, if certain conditions are met, that a derivative may be specifically designated as (1) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge), (2) a hedge of the exposure to variable cash flows of a forecasted transaction (cash flow hedge), or (3) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available-for-sale security or a foreign-currency-denominated forecasted transaction (foreign currency hedge). Under SFAS No. 133, the accounting for changes in fair value of a derivative depends on its intended use and designation. For a fair value hedge, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item. For a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings. For a foreign currency hedge, the gain or loss is reported in other comprehensive income as part of the foreign currency translation adjustment. The accounting for a fair value hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of an unrecognized firm commitment or an available-for-sale security. Similarly, the accounting for a cash flow hedge described above applies to a derivative designated as a hedge of the foreign currency exposure of a foreign-currency-denominated forecasted transaction. For all other derivatives not designated as hedging instruments, the gain or loss is recognized in earnings in the period of change.

The Company adopted SFAS No. 133, as amended, as of January 1, 2001. The adoption of this statement did not have a material impact on the results of operations of the Company. As part of the implementation, the Company reclassified held-to-maturity securities, amounting to approximately \$7.5 million at January 1, 2001, to the available-for-sale category. This reclassification resulted in the recognition of a net unrealized loss of approximately \$.2 million, net of tax, which was recorded as a component of "Accumulated other comprehensive (loss) income" on the implementation date.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB No. 101"). SAB No. 101 provides guidance for revenue recognition and related disclosure in the financial statements. The Company adopted SAB No. 101, and its related interpretations, as of October 1, 2000. The adoption of SAB No. 101 did not have a material effect on the Company's financial

position or results of operations.

Reclassifications

Certain amounts in the prior years have been reclassified to conform to the current year presentation.

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Notes to Financial Statements

3. INVESTMENTS

Fixed Maturities

The following tables provide additional information relating to fixed maturities as of December 31:

<TABLE>

<CAPTION>

2000

		Gross		
Gross	Estimated	Amortized	Unrealized	
Unrealized	Fair	Cost	Gains	
Losses	Value			
-----	-----	-----	-----	
				(In
Thousands)				<C>
<S>	<C>	<C>	<C>	
Fixed maturities available for sale				
U.S. Treasury securities and obligations of U.S. government corporations and agencies				
2	\$ 25,756	\$ 25,050	\$ 708	\$
-	Foreign government bonds	11,181	463	
	11,644			
10,490	Corporate securities	578,627	7,314	
	575,451			
-	Mortgage-backed securities	-	-	

-----	-----	-----	-----
Total fixed maturities available for sale		\$614,858	\$8,485
\$10,492	\$612,851	=====	=====
=====	=====		

Fixed maturities held to maturity

Corporate securities		\$ 7,470	\$ -	\$
211	\$ 7,259	-----	-----	

-----	-----			
Total fixed maturities held to maturity		\$ 7,470	\$ -	\$
211	\$ 7,259	=====	=====	
=====	=====			

1999

-----				
Gross	Estimated		Gross	
Unrealized	Fair	Amortized	Unrealized	
Losses	Value	Cost	Gains	
-----	-----	-----	-----	

(In

Thousands)

Fixed maturities available for sale			
U.S. Treasury securities and obligations of U.S. government corporations and agencies		\$ 9,489	\$ -
\$ 63	\$ 9,426		
Foreign government bonds		5,000	-
68	4,932		
Corporate Securities		588,696	681
19,499	569,878		
Mortgage-backed securities		1,038	-
3	1,035	-----	-----
-----	-----		

Total fixed maturities available for sale		\$604,223	\$ 681
\$19,633	\$ 585,271	=====	=====
=====	=====		
Fixed maturities held to maturity			
Corporate securities		\$ 7,470	\$ -
\$ 532	\$ 6,938	-----	-----
-----	-----		
Total fixed maturities held to maturity		\$ 7,470	\$ -
\$ 532	\$ 6,938	=====	=====
=====	=====		

</TABLE>

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Notes to Financial Statements

3. INVESTMENTS (continued)

The amortized cost and estimated fair value of fixed maturities, by contractual maturities at December 31, 2000, is shown below:

<TABLE>

<CAPTION>

Held to Maturity		Available for Sale	
Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
-----	-----	-----	-----
-----	-----	-----	-----

(In Thousands)

(In Thousands)

<S>

<C>

<C>

Due in one year or less  
 \$ - \$ -

\$ 24,545

\$ 24,476



Due after one year through five years		254,007	254,205
1,000	978		
Due after five years through ten years		254,951	253,493
6,470	6,281		
Due after ten years		81,356	80,677
-	-		
-----	-----	-----	-----
Total		\$ 614,858	\$612,851
\$7,470	\$7,259		
=====	=====	=====	=====

</TABLE>

Actual maturities may differ from contractual maturities because issuers have the right to call or prepay obligations.

Proceeds from the sale of fixed maturities available for sale during 2000, 1999, and 1998 were \$354.4 million, \$698.8 million, and \$990.7 million, respectively. Gross gains of \$2.2 million, \$3.5 million, and \$8.8 million, and gross losses of \$5.2 million, \$8.0 million, and \$1.8 million were realized on those sales during 2000, 1999, and 1998, respectively. Proceeds from maturities of fixed maturities available for sale during 2000, 1999, and 1998 were \$ 41.7 million, \$3.6 million, and \$10.4 million, respectively. During the years ended December 31, 2000, 1999, and 1998, there were no securities classified as held to maturity that were sold.

Writedowns for impairments which were deemed to be other than temporary for fixed maturities were \$1.3 million, \$0 million, and \$.6 million for the years 2000, 1999 and 1998, respectively.

#### Special Deposits

Fixed maturities of \$.5 million at both December 31, 2000 and 1999 respectively, were on deposit with governmental authorities or trustees as required by certain insurance laws.

#### Investment Income and Investment Gains and Losses

Net investment income arose from the following sources for the years ended December 31:

<TABLE>

<CAPTION>

2000

1999

1998

		(In	
Thousands)			
<S>	<C>	<C>	<C>
	Fixed maturities	\$ 43,972	\$
39,538	\$ 39,478		
	Policy loans	8,053	
7,641	7,350		
	Short-term investments & cash equivalents	5,126	
2,516	3,502		
	Other	1,300	
60	(842)		
-----		-----	
	Gross investment income	58,451	
49,755	49,488		
	Less investment expenses	(3,927)	
(2,155)	(2,456)		
-----		-----	
	Net investment income	\$ 54,524	\$
47,600	\$ 47,032		
=====		=====	

</TABLE>

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Notes to Financial Statements

3. INVESTMENTS (continued)

Realized investment (losses) gains, net, including charges for other than temporary reductions in value, for the years ended December 31, were from the following sources:

2000	1999	1998
-----	-----	-----

(In Thousands)

Fixed maturities	\$ (4,324)	\$ (4,616)	\$ 6,360
Derivatives	2,924	(412)	2,076
Other	355	15	10
	-----	-----	-----
Realized investment (losses) gains, net	\$ (1,045)	\$ (5,013)	\$ 8,446
	=====	=====	=====

### Securities Pledged to Creditors

The Company pledges investment securities it owns to unaffiliated parties through certain transactions including securities lending, securities sold under agreements to repurchase, and futures contracts. At December 31, 2000, the carrying value of fixed maturities available for sale pledged to third parties as reported in the Statements of Financial Position are \$57.3 million.

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### Notes to Financial Statements

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#### 3. INVESTMENTS (continued)

##### Net Unrealized Investment (Losses) Gains

Net unrealized investment (losses) gains on fixed maturities available for sale are included in the Statements of Financial Position as a component of "Accumulated other comprehensive income". Changes in these amounts include adjustments to exclude from "Other comprehensive income (loss)" those items that are included as part of "net income" for a period that also had been part of "Other comprehensive income (loss)" in earlier periods. The amounts for the years ended December 31, net of tax, are as follows:

<TABLE>  
<CAPTION>

Accumulated other  
comprehensive  
income (loss)

Deferred

Deferred	related to net	Unrealized	policy	
Policyholders' income tax	unrealized	gains (losses)	acquisition	
Account (liability)	investment	on investments	costs	
Balances benefit	gains (losses)	-----	-----	
<S>		<C>	<C>	<C>
	<C>			
Balance, December 31, 1997		\$ 7,252	\$ (3,379)	\$
849 \$ (1,766)	\$ 2,956			
Net investment gains on investments				
arising during the period		4,966		
(1,662)	3,304			
Reclassification adjustment for				
(losses) included in net income		(6,985)		
2,338	(4,647)			
Impact of net unrealized investment				
(losses) on deferred policy				
acquisition costs			(166)	
58	(108)			
Impact of net unrealized investment				
gains on policyholders' account balances				
138 (50)	88			
-----	-----	-----	-----	
Balance, December 31, 1998		\$ 5,233	\$ (3,545)	\$
987 \$ (1,082)	\$ 1,593			
Net investment (losses) on investments				
arising during the period		(28,794)		
10,366	(18,428)			
Reclassification adjustment for gains				
included in net income		4,610		
(1,660)	2,950			

Impact of net unrealized investment				
gains on deferred policy acquisition				
costs				14,681
	(5,285)	9,396		

Impact of net unrealized investment  
(losses) on policyholders' account

balances				
(2,499)	900	(1,599)		
-----	-----	-----	-----	-----
Balance, December 31, 1999			\$ (18,951)	\$ 11,136
(1,512)	\$ 3,239	\$ (6,088)		\$

Net investment gains (losses) on

investments arising during the period		12,620
(4,454)	8,166	

Reclassification adjustment for gains

included in net income		4,324
(1,526)	2,798	

Impact of net unrealized investment  
(losses) on deferred policy acquisition

costs		(10,161)
3,658	(6,503)	

Impact of net unrealized investment

gains on policyholders' account

balances				
1,350	(486)	864		
-----	-----	-----	-----	-----
Balance, December 31, 2000			\$ (2,007)	\$ 975
(162)	\$ 431	\$ (763)		\$

</TABLE>

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Notes to Financial Statements

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4. DEFERRED POLICY ACQUISITION COSTS

The balance of and changes in deferred policy acquisition costs for the year ended December 31, are as follows:

	2000	1999
	-----	-----
	(In Thousands)	
Balance, beginning of year	\$ 129,184	\$ 113,923
Capitalization of commissions, sales and issue expenses	10,638	13,439
Amortization	(13,008)	(12,859)
Change in unrealized investment losses	(10,161)	14,681
	-----	-----
Balance, end of year	\$ 116,653	\$ 129,184
	=====	=====

5. POLICYHOLDERS' LIABILITIES

Future policy benefits and other policyholder liabilities at December 31 are as follows:

	2000	1999
	-----	-----
	(In Thousands)	
Life insurance	\$103,557	\$100,686
Annuities	4,661	4,064
	-----	-----
	\$108,218	\$104,750
	=====	=====

Life insurance liabilities include reserves for death benefits. Annuity liabilities include reserves for annuities that are in payout status.

The following table highlights the key assumptions generally utilized in calculating these reserves:

<TABLE>

<CAPTION>

Interest Rate	Product	Estimation Method	Mortality
7.5%	Life insurance Net level premium variable and on non-forfeiture interest-sensitive interest rate	Generally rates based guaranteed in calculating cash surrender values	2.5% to
6.75%	Life insurance - Net level premium plus a term insurance provision for adverse deviation.	Best estimate plus a provision for adverse deviation	
8.75%	Individual Present value of annuities expected future payment based on historical experience	Mortality table varies based on the issue year of the contract. Current table (for 1998 & later issues) is the Annuity 2000 Mortality Table with certain modifications	6.25% to

</TABLE>

Policyholders' account balances at December 31, are as follows:

	2000	1999
	-----	-----
	(In Thousands)	
Interest-sensitive life contracts	\$332,761	\$323,798
Individual annuities	101,681	92,694
	-----	-----
	\$434,442	\$416,492
	=====	=====

## 5. POLICYHOLDERS' LIABILITIES (continued)

Policyholders' account balances for interest-sensitive life and individual annuities are equal to policy account values plus unearned premiums. The policy account values represent an accumulation of gross premium payments plus credited interest less withdrawals, expenses, mortality charges.

Certain contract provisions that determine the policyholder account balances are as follows:

&lt;TABLE&gt;

&lt;CAPTION&gt;

Product / Surrender Charges	Interest Rate	Withdrawal
-----	-----	
-----		
<S>	<C>	
<C>		
Interest sensitive life contracts to 10 years	4.0% to 6.5%	Various up
Individual annuities for up to 7 years	3.0% to 6.0%	0% to 7%

&lt;/TABLE&gt;

## 6. REINSURANCE

The Company participates in reinsurance with Prudential and other companies, in order to provide greater diversification of business, provide additional capacity for future growth and limit the maximum net loss potential arising from large risks. Reinsurance ceded arrangements do not discharge the Company or the insurance subsidiaries as the primary insurer. Ceded balances would represent a liability of the Company in the event the reinsurers were unable to meet their obligations to the Company under the terms of the reinsurance agreements. The likelihood of a material reinsurance liability reassumed by the Company is considered to be remote.

Reinsurance amounts included in the Statement of Operations and Comprehensive Income for the year ended December 31 are below.

2000	1999	1998
-----	-----	-----
(In Thousands)		



Reinsurance premiums ceded - affiliated	\$ (19)	\$ (17)	\$ (28)
Reinsurance premiums ceded - unaffiliated	\$ (445)	\$ 0	\$ 0
Policyholders' benefits ceded	\$ 110	\$ 0	\$ 0

Reinsurance recoverables, included in "Other assets" in the Company's Statements of Financial Position, at December 31 were as follows:

	2000	1999
	-----	-----
	(In Thousands)	
Life insurance - affiliated	\$ 369	\$ 16
	=====	=====

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## Notes to Financial Statements

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### 7. INCOME TAXES

The components of income taxes for the years ended December 31, are as follows:

	2000	1999	1998
	-----	-----	-----
	(In Thousands)		
Current tax expense (benefit):			
U.S	\$ 15,365	\$ 6,769	\$ 14,786
State and local	--	178	523
	-----	-----	-----
Total	15,365	6,947	15,309
	-----	-----	-----
Deferred tax expense (benefit):			
U.S	(3,211)	(54)	2,198
State and local	545	(2)	63
	-----	-----	-----
Total	(2,666)	(56)	2,261
	-----	-----	-----
Total income tax expense	\$ 12,699	\$ 6,891	\$ 17,570
	=====	=====	=====

The income tax expense for the years ended December 31, differs from the amount computed by applying the expected federal income tax rate of 35% to income from operations before income taxes for the following reasons:

	2000 -----	1999 -----	1998 -----
	(In Thousands)		
Expected federal income tax expense	\$ 12,699	\$ 6,891	\$ 17,288
State and local income taxes	354	115	381
Dividends received deduction	(843)	(878)	(500)
Other	489	763	401
	-----	-----	-----
Total income tax expense	\$ 12,699 =====	\$ 6,891 =====	\$ 17,570 =====

Deferred tax assets and liabilities at December 31, resulted from the items listed in the following table:

	2000 -----	1999 -----
	(In Thousands)	
Deferred tax assets		
Insurance reserves	\$16,515	\$ 9,711
Net unrealized losses on securities	723	6,823
Other	1,530	2,083
	-----	-----
Deferred tax assets	\$18,768	\$18,617
	-----	-----
Deferred tax liabilities		
Deferred acquisition costs	35,437	37,174
Net investment gains	--	--
Other	3,601	879
	-----	-----
Deferred tax liabilities	39,038	38,053
	-----	-----
Net deferred tax liability	\$20,270 =====	\$19,436 =====

Management believes that based on its historical pattern of taxable income, the Company and its subsidiaries will produce sufficient income in the future to realize its deferred tax assets after valuation allowance. Adjustments to the valuation allowance will be made if there is a change in management's assessment of the amount of the deferred tax asset that is realizable. At December 31, 2000 and 1999, respectively, the Company and its subsidiaries had no federal or state operating loss carryforwards for tax purposes.

## Notes to Financial Statements

## 7. INCOME TAXES (continued)

The Internal Revenue Service (the "Service") has completed all examinations of the consolidated federal income tax returns through 1995. The Service has begun their examination of the 1996 year.

## 8. STATUTORY NET INCOME AND SURPLUS

Accounting practices used to prepare statutory financial statements for regulatory purposes differ in certain instances from GAAP. The following table reconciles the Company's statutory net income and surplus determined in accordance with accounting practices prescribed or permitted by the New Jersey Department of Banking and Insurance, to net income and equity determined using GAAP:

&lt;TABLE&gt;

&lt;CAPTION&gt;

2000	1999	1998
-----	-----	-----
(In Thousands)		
<C>	<C>	<C>
	Statutory net income	
\$ 21,268	\$ 20,221	\$ 18,704
Adjustments to reconcile to net income on a GAAP basis:		
	Amortization and capitalization of deferred	
	acquisition costs	
(2,370)	580	12,464
	Deferred premium	
252	(314)	534
	Insurance revenues and expenses	
1,409	983	(808)
	Income taxes	
4,633	(139)	(2,973)
	Valuation of investments	
280	(3,199)	5,896

	Amortization of IMR		
(986)	(2,089)	(2,102)	
	Asset management fees		
(1,638)	(2,050)	--	
	Other, net		
736	(1,196)	108	
-----	-----	-----	
	GAAP net income		
\$ 23,584	\$ 12,797	\$ 31,823	
=====	=====	=====	

	2000		1999
	-----		-----
	(In Thousands)		
	Statutory surplus		
	\$ 294,313		\$ 274,437

	Adjustments to reconcile to equity on a GAAP basis:	
	Valuation of investments	
9,232		(9,644)
	Deferred acquisition costs	
116,653		129,184
	Deferred premium	
(907)		(1,159)
	Insurance liabilities	
(19,274)		(23,889)
	Income Taxes	
(17,034)		(17,977)
	Asset management fees	
--		(2,050)
	Other, net	
584		2,067
-----		-----
	GAAP stockholder's equity	
\$ 383,567		\$ 350,969
=====		=====

</TABLE>

The New York State Insurance Department ("Department") recognizes only statutory accounting for determining and reporting the financial condition of an insurance company, for determining its solvency under the New York Insurance Law and for determining whether its financial condition warrants the payment of a dividend to its policyholders. No consideration is given

by the Department to financial statements prepared in accordance with GAAP in making such determinations.

In March 1998, the NAIC adopted the Codification of Statutory Accounting Principles guidance ("Codification"), which replaces the current Accounting Practices and Procedures manual as the NAIC's primary guidance on statutory accounting as of January 1, 2001. The Codification provides guidance for areas where statutory accounting has been silent and changes current statutory accounting in certain areas. The Company has adopted the Codification guidance effective January 1, 2001, and has estimated the potential effect of the Codification guidance to have a favorable impact of at least \$10 million on the Company's surplus position, primarily as a result of the recognition of deferred tax assets.

Notes to Financial Statements

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9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values presented below have been determined using available market information and by applying valuation methodologies. Considerable judgment is applied in interpreting data to develop the estimates of fair value. Estimates of fair values may not be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair values. The following methods and assumptions were used in calculating the estimated fair values (for all other financial instruments presented in the table, the carrying value approximates estimated fair value).

Fixed maturities

Estimated fair values for fixed maturities, other than private placement securities, are based on quoted market prices or estimates from independent pricing services. Generally, fair values for private placement securities are estimated using a discounted cash flow model which considers the current market spreads between the U.S. Treasury yield curve and corporate bond yield curve, adjusted for the type of issue, its current credit quality and its remaining average life. The estimated fair value of certain non-performing private placement securities is based on amounts estimated by management.

Policy loans

The estimated fair value of policy loans is calculated using a discounted cash flow model based upon current U.S. Treasury rates and historical loan repayment patterns.

Investment contracts

For individual deferred annuities and other deposit liabilities, fair value approximates carrying value.

Derivative financial instruments

See note 10 for disclosure of fair value on these instruments.

The following table discloses the carrying amounts and estimated fair values of the Company's financial instruments at December 31:

<TABLE>

<CAPTION>

2000

		1999	
Estimated	Carrying	Estimated	Carrying
Fair Value	Value	Fair Value	Value
-----	-----	-----	-----
(In Thousands)			
<S>	<C>	<C>	<C>
<C>	<C>	<C>	<C>
Financial Assets:			
Fixed maturities:			
Available for sale			
\$ 612,851	\$ 585,271	\$ 585,271	\$ 612,851
7,259	7,470	6,938	7,470
Policy loans			
156,786	143,815	136,990	152,111
Short-term investments			
28,759	--	--	28,759
Cash and cash equivalents			
65,237	27,590	27,590	65,237
Separate Accounts assets			
1,805,584	1,827,484	1,827,484	1,805,584
Financial Liabilities:			
Investment contracts			
\$ 102,255	\$ 93,158	\$ 93,158	\$ 102,255
Cash collateral for loaned securities			
48,309	17,900	17,900	48,309
Securities sold under agreements to repurchase			
9,754	--	--	9,754
Separate Accounts liabilities			
			1,805,584

Notes to Financial Statements

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10. DERIVATIVE AND OFF-BALANCE SHEET CREDIT-RELATED INSTRUMENTS

Futures

The Company uses exchange-traded Treasury futures and options to reduce market risk from changes in interest rates, and to manage the duration of assets and the duration of liabilities supported by those assets. In exchange-traded futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which are determined by the value of designated classes of Treasury securities, and to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts. The Company enters into exchange-traded futures and options with regulated futures commissions merchants who are members of a trading exchange. The fair value of futures and options is based on market quotes.

Treasury futures move substantially in value as interest rates change and can be used to either modify or hedge existing interest rate risk. This strategy protects against the risk that cash flow requirements may necessitate liquidation of investments at unfavorable prices resulting from increases in interest rates. This strategy can be a more cost effective way of temporarily reducing the Company's exposure to a market decline than selling fixed income securities and purchasing a similar portfolio when such a decline is believed to be over.

If futures meet hedge accounting criteria, changes in their fair value are deferred and recognized as an adjustment to the carrying value of the hedged item. Deferred gains or losses from the hedges for interest-bearing financial instruments are amortized as a yield adjustment over the remaining lives of the hedged item. Futures that do not qualify as hedges are carried at fair value with changes in value reported in current period earnings. The notional and fair value of futures contracts was \$3.6 million and \$.1 million at December 31, 2000, respectively. The notional and fair value of futures contracts was \$46.4 million and \$(.6) million at December 31, 1999, respectively.

Credit Risk

The current credit exposure of the Company's derivative contracts is limited to the fair value at the reporting date. Credit risk is managed by entering into transactions with creditworthy counterparties and obtaining collateral where appropriate and customary. The Company also attempts to minimize its exposure to credit risk through the use of various credit monitoring techniques. All of the net credit exposure for the Company from derivative contracts is with investment-grade counterparties. As of December 31, 2000, 100% of the notional consisted of interest rate derivatives.

## 11. CONTINGENCIES AND LITIGATION

Prudential and the Company are subject to legal and regulatory actions in the ordinary course of our businesses, including class actions. Pending legal and regulatory actions include proceedings relating to aspects of our businesses and operations that are specific to the Company and Prudential and that are typical of the businesses in which the Company and Prudential operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages.

Beginning in 1995, regulatory authorities and customers brought significant regulatory actions and civil litigation against the Company and Prudential involving individual life insurance sales practices. In 1996, Prudential, on behalf of itself and many of its life insurance subsidiaries including the Company entered into settlement agreements with relevant insurance regulatory authorities and plaintiffs in the principal life insurance sales practices class action lawsuit covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995. Pursuant to the settlements, the companies agreed to various changes to their sales and business practices controls, to a series of fines, and to provide specific forms of relief to eligible class members. Virtually all claims by class members filed in connection with the settlements have been resolved and virtually all aspects of the remediation program have been satisfied. While the approval of the class action settlement is now final, Prudential and the Company remain subject to oversight and review by insurance regulators and other regulatory authorities with respect to its sales practices and the conduct of the remediation program. The U.S. District Court has also retained jurisdiction as to all matters relating to the administration, consummation, enforcement and interpretation of the settlements.

As of December 31, 2000, Prudential and/or the Company remained a party to approximately 61 individual sales practices actions filed by policyholders who "opted out" of the class action settlement relating to permanent life insurance policies issued in the United States between 1982 and 1995. In addition, there were 48 sales practices actions pending that were filed by policyholders who were members of the class and who failed to "opt out" of the class action settlement. Prudential and the Company believe that those actions are governed by the class settlement release and expect them to be



enjoined and/or dismissed. Additional suits may be filed by class members who "opted out" of the class settlements or who failed to "opt out" but nevertheless seek to proceed against Prudential and/or the Company. A number of the plaintiffs in these cases seek large and/or indeterminate amounts,

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## Notes to Financial Statements

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### 11. CONTINGENCIES AND LITIGATION (continued)

including punitive or exemplary damages. Some of these actions are brought on behalf of multiple plaintiffs. It is possible that substantial punitive damages might be awarded in any of these actions and particularly in an action involving multiple plaintiffs.

Prudential has indemnified the Company for any liabilities incurred in connection with sales practices litigation covering policyholders of individual permanent life insurance policies issued in the United States from 1982 to 1995.

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

### 12. DIVIDENDS

The Company is subject to New Jersey law which requires any shareholder dividend or distribution must be filed with the New Jersey Commissioner of Insurance. Cash dividends may only be paid out of earned surplus derived from realized net profits.

### 13. RELATED PARTY TRANSACTIONS

The Company has extensive transactions and relationships with Prudential and other affiliates. It is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

### Expense Charges and Allocations

All of the Company's expenses are allocations or charges from Prudential or

other affiliates. These expenses can be grouped into the following categories: general and administrative expenses, retail distribution expenses and asset management fees.

The Company's general and administrative expenses are charged to the Company using allocation methodologies based on business processes. Management believes that the methodology is reasonable and reflects costs incurred by Prudential to process transactions on behalf of the Company. Prudential and the Company operate under service and lease agreements whereby services of officers and employees, supplies, use of equipment and office space are provided by Prudential.

The Company is allocated estimated distribution expenses from Prudential's retail agency network for both its domestic life and annuity products. The Company has capitalized the majority of these distribution expenses as deferred policy acquisition costs. Beginning April 1, 2000, Prudential and the Company agreed to revise the estimate of allocated distribution expenses to reflect a market based pricing arrangement.

In accordance with a profit sharing agreement with Prudential, the Company receives fee income from policyholder account balances invested in the Prudential Series Funds ("PSF"). These revenues are recorded as "Asset management fees" in the Consolidated Statements of Operations and Comprehensive Income. The Company is charged an asset management fee by Prudential Global Asset Management ("PGAM") and Jennison Associates LLC ("Jennison") for managing the PSF portfolio. These expenses are a component of general, administrative and other expenses.

On September 29, 2000, the Board of Directors for the Prudential Series Fund, Inc. ("PSFI") adopted resolutions to terminate the existing management agreement between PSFI and Prudential, and has appointed another subsidiary of Prudential as the fund manager for PSF. The change was approved by the shareholders of the PSFI during early 2001 and effective January 1, 2001, the Company will no longer receives fees associated with the PSF. In addition, the Company will no longer incur the asset management expense from PGAM and Jennison associated with the PSF.

#### Corporate Owned Life Insurance

The Company has sold a Corporate Owned Life Insurance ("COLI") policy to Prudential. The cash surrender value included in Separate Accounts was \$182.4 million and \$199.0 million at December 31, 2000 and December 31, 1999, respectively.

### 13. RELATED PARTY TRANSACTIONS (continued)

#### Reinsurance

The Company currently has a reinsurance agreement in place with Prudential ("the reinsurer"). The reinsurance agreement is a yearly renewable term agreement in which the Company may offer and the reinsurer may accept reinsurance on any life in excess of the Company's maximum limit of retention. The Company is not relieved of its primary obligation to the policyholder as a result of these reinsurance transactions. These agreements had no material effect on net income for the years ended December 31, 2000, 1999, and 1998.

#### Debt Agreements

In July 1998, the Company established a revolving line of credit facility with Prudential Funding LLC, a wholly-owned subsidiary of Prudential. There is no outstanding debt relating to this credit facility as of December 31, 2000.

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#### Report of Independent Accountants

To the Board of Directors and Stockholder of  
Pruco Life Insurance Company of New Jersey

In our opinion, the accompanying statements of financial position and the related statements of operations and comprehensive income, of changes in stockholder's equity and of cash flows present fairly, in all material respects, the financial position of Pruco Life Insurance Company of New Jersey (an indirect, wholly-owned subsidiary of the Prudential Insurance Company of America) at December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
March 13, 2001

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PruLife Custom Premier (SM)  
Variable Universal Life  
Insurance

PruLife Custom Premier Variable Universal Life is issued by Pruco Life Insurance Company of New Jersey, 213 Washington Street, Newark, NJ 07102-2992 and offered through Pruco Securities Corporation, 751 Broad Street, Newark, NJ 07102-3777, both subsidiaries of The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102-3777.

For online access to your policy information visit  
[www.prudential.com](http://www.prudential.com)

[LOGO] Prudential

Pruco Life Insurance Company of New Jersey  
213 Washington Street, Newark, NJ 07102-2992  
Telephone 800 944-8786

VUL-2NJ Ed. 8/01

## PART II

### OTHER INFORMATION

#### UNDERTAKING TO FILE REPORTS

Subject to the terms and conditions of Section 15(d) of the Securities Exchange Act of 1934, the undersigned Registrant hereby undertakes to file with the

Securities and Exchange Commission such supplementary and periodic information, documents, and reports as may be prescribed by any rule or regulation of the Commission heretofore or hereafter duly adopted pursuant to authority conferred in that section.

#### REPRESENTATION WITH RESPECT TO CHARGES

Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey") represents that the fees and charges deducted under the Variable Universal Life Insurance Contracts registered by this registration statement, in the aggregate, are reasonable in relation to the services rendered, the expenses expected to be incurred, and the risks assumed by Pruco Life of New Jersey.

#### UNDERTAKING WITH RESPECT TO INDEMNIFICATION

The Registrant, in connection with certain affiliates, maintains various insurance coverages under which the underwriter and certain affiliated persons may be insured against liability which may be incurred in such capacity, subject to the terms, conditions, and exclusions of the insurance policies.

New Jersey, being the state or organization of Pruco Life of New Jersey, permits entities organized under its jurisdiction to indemnify directors and officers with certain limitations. The relevant provisions of New Jersey law permitting indemnification can be found in Section 14A:3-5 of the New Jersey Statutes Annotated. The text of Pruco Life of New Jersey's By-law, Article V, which relates to indemnification of officers and directors, is filed as Exhibit 1.A.(6)(c) to Form S-6, Registration No. 333-85117, filed on August 13, 1999 on behalf of the Pruco Life of New Jersey Variable Appreciable Account.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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#### CONTENTS OF REGISTRATION STATEMENT

This Registration Statement comprises the following papers and documents:

The facing sheet.

Cross-reference to items required by Form N-8B-2.

The prospectus consisting of 112 pages.

The undertaking to file reports.

The representation with respect to charges.

The undertaking with respect to indemnification.

The signatures.

Written consents of the following persons:

Clifford E. Kirsch, Esq.  
Ching Ng, FSA, MAAA  
PricewaterhouseCoopers, LLC

The following exhibits:

1. The following exhibits correspond to those required by paragraph A of the instructions as to exhibits in Form N-8B-2:
  - A.
    - (1)
      - (a) Resolution of Board of Directors of Pruco Life Insurance Company of New Jersey establishing the Pruco Life of New Jersey Variable Appreciable Account. (Note 3)
      - (b) Amendment of Separate Account Resolution. (Note 6)
    - (2) Not Applicable.
    - (3) Distributing Contracts:
      - (a) Distribution Agreement between Pruco Securities Corporation and Pruco Life Insurance Company of New Jersey. (Note 3)
      - (b) Proposed form of Agreement between Pruco Securities Corporation and independent brokers with respect to the Sale of the Contracts. (Note 5)
      - (c) Schedules of Sales Commissions. (Note 7)
    - (4) Not Applicable.
    - (5) Variable Universal Life Insurance Contract. (Note 7)
    - (6)
      - (a) Articles of Incorporation of Pruco Life Insurance Company of New Jersey, as amended March 11, 1983. (Note 3)
      - (b) Certificate of Amendment of the Articles of Incorporation of Pruco Life Insurance Company of New Jersey, February 12, 1998. (Note 4)

- (c) By-laws of Pruco Life Insurance Company of New Jersey, as amended August 4, 1999. (Note 5)
- (7) Not Applicable.
- (8) Not Applicable.
- (9) Not Applicable.
- (10) (a) New Jersey Application Form for Variable Universal Life Insurance Contract. (Note 5)  
(b) Supplement to the Application for Variable Universal Life Insurance Contract. (Note 5)
- (11) Not Applicable.
- (12) Memorandum describing Pruco Life Insurance Company of New Jersey's issuance, transfer, and redemption procedures for the Contracts pursuant to Rule 6e-3(T)(b)(12)(iii). (Note 8)
- (13) Available Contract Riders and Endorsements.
  - (a) Rider for Insured's Accidental Death Benefit (Note 7)
  - (b) Rider for Insured's Total Disability Benefit (Note 7)

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- (c) Rider for Level Term Insurance Benefit on Dependent Children (Note 7)
- (d) Rider for Level Term Insurance Benefit on Dependent Children-From Conversions (Note 7)
- (e) Endorsement providing Type C Death Benefit Provisions (Note 7)
- (f) Rider for Flexible Term Insurance Benefit on Life of Insured - Type A and B. (Note 8)
- (g) Rider for Flexible Term Insurance Benefit on Life of Insured - Type C. (Note 8)
- (h) Endorsement providing Type C Death Benefit Provisions - NY. (Note 8)

- 2. See Exhibit 1.A.(5).
- 3. Opinion and Consent of Clifford E. Kirsch, Esq., as to the legality of the securities being registered. (Note 1)
- 4. None.
- 5. Not Applicable.
- 6. Opinion and Consent of Ching Ng, FSA, MAAA, as to actuarial matters pertaining to the securities being registered. (Note 1)
- 7. Powers of Attorney.
  - (a) James J. Avery, Jr., (Note 2)

- (b) William Eckert, IV, David R. Odenath, Jr. (Note 8)
- (c) Ronald P. Joelson (Note 9)
- (d) Vivian L. Banta, Richard J. Carbone, Helen M. Galt, Jean D. Hamilton (Note 10)

- (Note 1) Filed herewith.
- (Note 2) Incorporated by reference to Post-Effective Amendment No. 10 to Form S-1, Registration No. 33-20018, filed April 9, 1998 on behalf of the Pruco Life of New Jersey Variable Contract Real Property Account.
- (Note 3) Incorporated by reference to Post-Effective Amendment No. 26 to Form S-6, Registration No. 2-89780, filed April 28, 1997 on behalf of the Pruco Life of New Jersey Variable Appreciable Account.
- (Note 4) Incorporated by reference to Post-Effective Amendment No. 12 for Form S-1, Registration No. 33-20018, filed on April 19, 1999 on behalf of the Pruco Life of New Jersey Variable Contract Real Property Account.
- (Note 5) Incorporated by reference to Form S-6, Registration No. 333-85117, filed on August 13, 1999 on behalf of the Pruco Life of New Jersey Variable Appreciable Account.
- (Note 6) Incorporated by reference to Form S-6, Registration No. 333-94115, filed on January 5, 2000 on behalf of the Pruco Life of New Jersey Variable Appreciable Account.
- (Note 7) Incorporated by reference to Registrant's Form S-6, filed on November 3, 2000.
- (Note 8) Incorporated by reference to Pre-Effective No. 1 to this Registration Statement, filed February 8, 2001.
- (Note 9) Incorporated by reference to Post-Effective Amendment No. 14 to Form S-1, Registration No. 33-20018, filed April 10, 2001 on behalf of the Pruco Life of New Jersey Variable Contract Real Property Account.
- (Note 10) Incorporated by reference to Post-Effective Amendment No. 5 to Form S-6, Registration No. 333-85117, filed June 28, 2001 on behalf of the Pruco Life of New Jersey Variable Appreciable Account.

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#### SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant, the Pruco Life of New Jersey Variable Appreciable Account, certifies that this Amendment is filed solely for one or more of the purposes specified in Rule 485(b)(1) under the Securities Act of 1933 and that no material event requiring disclosure in the prospectus, other than one listed in Rule 485(b)(1), has occurred since the effective date of the most recent Post-Effective Amendment to the Registration Statement which included a prospectus and has duly caused this Registration Statement to be signed on its behalf by the undersigned thereunto



duly authorized and its seal hereunto affixed and attested, all in the city of Newark and the State of New Jersey, on this 3rd day of August, 2001.

(Seal) Pruco Life of New Jersey Variable Appreciable Account  
(Registrant)

By: Pruco Life Insurance Company of New Jersey  
(Depositor)

Attest: /s/ Thomas C. Castano  
-----  
Thomas C. Castano  
Assistant Secretary

By: /s/ Esther H. Milnes  
-----  
Esther H. Milnes  
Senior Vice President

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment No. 2 to the Registration Statement has been signed below by the following persons in the capacities indicated on this 3rd day of August, 2001.

Signature and Title

/s/ \*  
-----  
Vivian L. Banta  
President, Chairman and Director

/s/ \*  
-----  
William J. Eckert, IV  
Vice President and Chief Accounting Officer

/s/ \*  
-----  
James J. Avery, Jr.

/s/ \*  
-----  
Richard J. Carbone  
Director

\*By: /s/ Thomas C. Castano  
-----  
Thomas C. Castano  
(Attorney-in-Fact)

/s/ \*  
-----  
Helen M. Galt  
Director

/s/ \*

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Jean D. Hamilton  
Director

/s/ \*

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Ronald P. Joelson  
Director

/s/ \*

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David R. Odenath, Jr.  
Director

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EXHIBIT INDEX

	Consent of PricewaterhouseCoopers LLP, independent accounts.	Page II-6
3.	Opinion and Consent of Clifford E. Kirsch, Esq. As to the legality of the securities being registered.	Page II-7
6.	Opinion and Consent of Ching Ng, MAAA, FSA, as to actuarial matters pertaining to the securities being registered.	Page II-8

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## Consent of Independent Accountants

We hereby consent to the use in the Prospectus constituting part of this Post-Effective Amendment No. 2 to the registration statement on Form S-6 (the "Registration Statement") of our report dated March 30, 2001, relating to the financial statements of the PruLife Custom Premier Subaccounts of Pruco Life of New Jersey Variable Appreciable Account, which appears in such Prospectus.

We also consent to the use in the Prospectus constituting part of this Registration Statement of our report dated March 13, 2001, relating to the financial statements of Pruco Life Insurance Company of New Jersey, which appears in such Prospectus.

We also consent to the reference to us under the heading "Experts" in the Prospectus.

PricewaterhouseCoopers LLP

New York, New York  
August 3, 2001

August 1, 2001

Pruco Life Insurance Company of New Jersey  
213 Washington Street  
Newark, New Jersey 07102-2992

Gentlemen:

In my capacity as Chief Legal Officer and Secretary of Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey"), I have reviewed the establishment on January 13, 1984 of Pruco Life of New Jersey Variable Appreciable Account (the "Account") by the Executive Committee of the Board of Directors of Pruco Life of New Jersey as a separate account for assets applicable to certain variable life insurance contracts, pursuant to the provisions of Section 17B:28-7 of the Revised Statutes of New Jersey. I am responsible for oversight of the preparation and review of the Registration Statements on Form S-6, as amended, filed by Pruco Life of New Jersey with the Securities and Exchange Commission (Registration Numbers: 333-49334) under the Securities Act of 1933 for the registration of certain variable life insurance contracts issued with respect to the Account.

I am of the following opinion:

- (1) Pruco Life of New Jersey was duly organized under the laws of New Jersey and is a validly existing corporation.
- (2) The Account has been duly created and is validly existing as a separate account pursuant to the aforesaid provisions of New Jersey law.
- (3) The portion of the assets held in the Account equal to the reserve and other liabilities for variable benefits under the variable life insurance contracts is not chargeable with liabilities arising out of any other business Pruco Life of New Jersey may conduct.
- (4) The variable life insurance contracts are legal and binding obligations of Pruco Life of New Jersey in accordance with their terms.

In arriving at the foregoing opinion, I have made such examination of law and examined such records and other documents as I judged to be necessary or appropriate.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/

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Clifford E. Kirsch

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August 1, 2001

Pruco Life Insurance Company of New Jersey  
213 Washington Street  
Newark, New Jersey 07102-2992

To Pruco Life Insurance Company of New Jersey:

This opinion is furnished in connection with the registration by Pruco Life Insurance Company of New Jersey ("Pruco Life of New Jersey") of variable universal life insurance contracts (the "Contracts") under the Securities Act of 1933. The prospectus included in Post-Effective Amendment No. 2 to Registration Statement No. 333-49334 on Form S-6 describes the Contracts. I have reviewed the Contract form and I have participated in the preparation and review of the Registration Statement and Exhibits thereto. In my opinion:

- (1) The illustrations of cash surrender values and death benefits included in the prospectus section entitled "Illustrations of Surrender Values, Death Benefits, and Accumulated Premiums," based on the assumptions stated in the illustrations, are consistent with the provisions of the Contract. The rate structure of the Contract has not been designed so as to make the relationship between premiums and benefits, as shown in the illustrations, appear more favorable to a prospective purchaser of a Contract for male age 35, than to prospective purchasers of Contracts on males of other ages or on females.
- (2) The examples shown in the section of the prospectus entitled "Changing the Type of Death Benefit" are consistent with the provisions of the Contract.
- (3) The chart included in the section of the prospectus entitled "Riders" is consistent with the provisions of the Contract.
- (4) The charts included in the sections of the prospectus entitled: "How a Type A (Fixed) Contract's Death Benefit Will Vary," "How a Type B (Variable) Contract's Death Benefit Will Vary," and "How a Type C (Return of Premium) Contract's Death Benefit Will Vary," are consistent with the provisions of the Contract.
- (5) The examples shown in the section of the prospectus entitled "Death Benefit Guarantee" are consistent with the provisions of the Contract.
- (6) The deduction in an amount equal to 1.25% of each premium is a reasonable charge in relation to the additional income tax burden imposed upon Pruco Life of New Jersey and its parent company, The Prudential Insurance Company of America, as the result of the enactment of Section 848 of the Internal Revenue Code. In reaching

that conclusion a number of factors were taken into account that, in my opinion, were appropriate and which resulted in a projected after-tax rate of return that is a reasonable rate to use in discounting the tax benefit of the deductions allowed in Section 848 in taxable years subsequent to the year in which the premiums are received.

I hereby consent to the use of this opinion as an exhibit to the Registration Statement and to the reference to my name under the heading "Experts" in the prospectus.

Very truly yours,

/s/

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Ching Ng, FSA, MAAA  
Director and Actuary  
The Prudential Insurance Company of America