

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

PRUDENTIAL GROWTH FUND INC

CIK: **717342** | IRS No.: **133165667** | State of Incorporation: **MD** | Fiscal Year End: **0228**
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Mailing Address
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Registration No. 2-82764

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 [X]

Pre-Effective Amendment No. []

Post-Effective Amendment No. 14 [X]

and/or

REGISTRATION STATEMENT UNDER THE
INVESTMENT COMPANY ACT OF 1940 [X]

Amendment No. 15 [X]

(Check appropriate box or boxes)

PRUDENTIAL STRATEGIST FUND, INC.
(Exact name of registrant as specified in charter)
(formerly Prudential Growth Fund, Inc.)

ONE SEAPORT PLAZA,
NEW YORK, NEW YORK 10292

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (212) 214-1250

S. Jane Rose, Esq.
One Seaport Plaza
New York, New York 10292
(Name and Address of Agent for Service)

Approximate date of proposed public offering:
As soon as practicable after the effective
date of the Registration Statement.

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

- [] immediately upon filing pursuant to paragraph (b)
- [X] 60 days after filing pursuant to paragraph (a)
- [] on (date) pursuant to paragraph (b)
- [] on (date) pursuant to paragraph (a), of Rule 485.

Pursuant to Rule 24f-2 under the Investment Company Act of 1940, Registrant has previously registered an indefinite number of shares of beneficial interest, par value \$.01 per share. The Registrant filed a notice under such Rule for its fiscal year ended February 28, 1994 on April 29, 1994.

CROSS REFERENCE SHEET

(as required by Rule 495)

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Part C

Information required to be included in Part C is set forth under the appropriate Item, so numbered, in Part C to this Registration Statement.

Prudential Strategist Fund, Inc.

Prudential Strategist Fund, Inc. (the Fund), formerly Prudential Growth Fund, Inc., is an open-end, diversified management investment company. Its investment objective is to seek a high total return (capital appreciation plus dividend and interest income) consistent with reasonable risk. In seeking to achieve this objective, the Fund allocates assets among equity securities, fixed-income securities and cash based on an evaluation of current market and economic conditions by Greg A. Smith Asset Management Corporation, its Subadviser. Under normal market conditions, the Fund invests at least 65% of its total assets in equity securities that, in the view of the Subadviser, have the potential for long-term growth of capital. The Fund invests in common stocks, securities convertible into common stocks, non-convertible preferred stocks and debt securities of U.S. and non-U.S. issuers. The Fund may also purchase and sell options on debt and equity securities, on financial indices and foreign currencies, and financial futures and options thereon. The Fund may engage in short-selling and short-term trading. These techniques may be considered speculative and may result in higher risks and costs to the Fund. There can be no assurance that the Fund's investment objective will be achieved. See "How the Fund Invests-Investment Objective and Policies." The Fund's address is One Seaport Plaza, New York, New York 10292, and its telephone number is (800) 225-1852.

This Prospectus sets forth concisely the information about the Fund that a prospective investor ought to know before investing. Additional information about the Fund has been filed with the Securities and Exchange Commission in a Statement of Additional Information, dated , 1994, which information is incorporated herein by reference (is legally considered a part of this Prospectus) and is available without charge upon request to the Fund at the address or telephone number noted above.

Investors are advised to read this Prospectus and retain it for future reference.

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

FUND HIGHLIGHTS

The following summary is intended to highlight certain information contained in this Prospectus and is qualified in its entirety by the more detailed information appearing elsewhere herein.

What is Prudential Strategist Fund, Inc.?

Prudential Strategist Fund, Inc. is a mutual fund. A mutual fund pools the resources of investors by selling its shares to the public and investing the proceeds of such sales in a portfolio of securities designed to achieve its investment objective. Technically, the Fund is an open-end, diversified management investment company.

What is the Fund's Investment Objective?

The Fund's investment objective is to seek high total return (capital appreciation plus dividend and interest income) consistent with reasonable risk. It seeks to achieve this objective by allocating its assets among

equity securities, fixed income securities and cash based on an evaluation of current market and economic conditions by the Subadviser. See "How the Fund Invests-Investment Objective and Policies" at page 7.

What Are the Fund's Special Characteristics and Risks?

In seeking to achieve its investment objective, the Fund may purchase and sell options on debt and equity securities, on financial indices and foreign currencies, and financial futures and options thereon. The Fund may engage in short-selling and short-term trading. These techniques may be considered speculative and may result in higher risks and costs to the Fund. See "How the Fund Invests-Investment Objective and Policies" at page 7.

Who Manages the Fund?

Prudential Mutual Fund Management, Inc. (PMF or the Manager) is the Manager of the Fund and is compensated for its services at an annual rate based on the Fund's average daily net assets. As of March 31, 1994, PMF served as manager or administrator to [66] investment companies, including 37 mutual funds, with aggregate assets of approximately [\$49] billion. Greg A. Smith Asset Management Corporation (the Subadviser) furnishes investment advisory services in connection with the management of the Fund under a Subadvisory Agreement with PMF. See "How the Fund is Managed-Manager" at page 12.

Who Distributes the Fund's Shares?

Prudential Mutual Fund Distributors, Inc. (PMFD) acts as the Distributor of the Fund's Class A shares and is currently paid for its services at an annual rate of .25 of 1% of the average daily net assets of the Class A shares.

Prudential Securities Incorporated (Prudential Securities or PSI), a major securities underwriter and securities and commodities broker, acts as the Distributor of the Fund's Class B and Class C shares and is currently paid for its services at an annual rate of 1% of the average daily net assets of each of the Class B and Class C shares. See "How the Fund is Managed-Distributor" at page 12.

What is the Minimum Investment?

The minimum initial investment for Class A and Class B shares is \$1,000 per Class and \$5,000 for Class C shares. The minimum subsequent investment is \$100 for all classes. There is no minimum investment requirement for certain retirement and employee savings plans or custodial accounts for the benefit of minors. For purchases made through the Automatic Savings Accumulation Plan, the minimum initial and subsequent investment is \$50. See "Shareholder Guide-How to Buy Shares of the Fund" at page 18 and "Shareholder Guide-Shareholder Services" at page 26.

How Do I Purchase Shares?

You may purchase shares of the Fund through Prudential Securities, Pruco Securities Corporation (Prusec) or directly from the Fund, through its transfer agent, Prudential Mutual Fund Services, Inc. (PMFS or the Transfer Agent) at the net asset value per share (NAV) next determined after receipt of your purchase order by the Transfer Agent or Prudential Securities plus a sales charge which may be imposed either (i) at the time of purchase (Class A shares) or (ii) on a deferred basis (Class B or Class C shares). See "How the Fund Values its Shares" at page 15 and "Shareholder Guide-How to Buy Shares of the Fund" at page 18.

What Are My Purchase Alternatives?

The Fund offers three classes of shares:

*Class A Shares: Sold with an initial sales charge of up to 5.00% of the offering price.

*Class B Shares: Sold without an initial sales charge but are subject to a contingent deferred sales charge or CDSC (declining from 5% to zero of the lower of the amount invested or the redemption proceeds) which will be imposed on certain redemptions made within six years of purchase. Although Class B shares are subject to higher ongoing distribution-related expenses than Class A shares, Class B shares will automatically convert to Class A shares (which are subject to lower ongoing expenses) approximately seven years after purchase.

*Class C Shares: Sold without an initial sales charge and for one year after purchase, are subject to a 1% CDSC on redemptions. Like Class B shares, Class C shares are subject to higher ongoing distribution-related expenses than Class A shares but do not convert to another class.

See "Shareholder Guide-Alternative Purchase Plan" at page 19.

How Do I Sell My Shares?

You may redeem your shares at any time at the NAV next determined after Prudential Securities or the Transfer Agent receives your sell order. However, the proceeds of redemptions of Class B and Class C shares may be subject to a CDSC. See "Shareholder Guide-How to Sell Your Shares" at page 20.

How Are Dividends and Distributions Paid?

The Fund expects to pay dividends of net investment income, if any, semi-annually and make distributions of any net capital gains at least annually. Dividends and distributions will be automatically reinvested in additional shares of the Fund at NAV without a sales charge unless you request that they be paid to you in cash. See "Taxes, Dividends and Distributions" at page 16.

FUND EXPENSES

<S>	<C> Class A Shares	<C> Class B Shares	<C> Class C Shares
Shareholder Transaction Expenses\D			
Maximum Sales Load Imposed on Purchases (as a percentage of offering price)	5.00%	None	None
Maximum Sales Load or Deferred Sales Load Imposed on Reinvested Dividends	None	None	None
Deferred Sales Load (as a percentage of original purchase price or redemption proceeds, whichever is lower)	None	5% during the first year, decreasing by 1% annually to 1% in the fifth and sixth years and 0% the seventh year*	1% on redemptions made within one year of purchase
Redemption Fees	None	None	None
Exchange Fees	None	None	None

Annual Fund Operating Expenses (as a percentage of average net assets)	Class A Shares	Class B Shares	Class C Shares**	
Management Fees .....	.625%	.625%	.625%	
12b-1 Fees\D .....	.250%\D\D	1.000%	1.000%	
Other Expenses505%	.505%	.505%	
Total Fund Operating Expenses	1.380%	2.130%	2.130%	

</TABLE>

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Example	<C> 1 year	<C> 3 years	<C> 5 years	<C> 10 years
---------	---------------	----------------	----------------	-----------------

You would pay the following expenses on a \$1,000 investment, assuming (1) 5% annual return and (2) redemption at the end of each time period:

Class A	\$63	\$92	\$122	\$207
Class B	\$72	\$97	\$124	\$218
Class C**	\$32	\$67	\$114	\$246

You would pay the following expenses on the same investment assuming no redemption:

Class A	\$63	\$92	\$122	\$207
Class B	\$22	\$67	\$114	\$218
Class C**	\$22	\$67	\$114	\$246

<FN>

The above example with respect to Class A and Class B shares is based on restated data for the Fund's fiscal year ended February 28, 1994. The above example with respect to Class C shares is based on expenses expected to have been incurred if Class C shares had been in existence during the fiscal year ended February 28, 1994. The example should not be considered a representation of past or future expenses. Actual expenses may be greater or less than those shown.

The purpose of this table is to assist investors in understanding the various costs and expenses that an investor in the Fund will bear, whether directly or indirectly. For more complete descriptions of the various costs and expenses, see "How the Fund is Managed." "Other Expenses" includes operating expenses of the Fund, such as directors' and professional fees, registration fees, reports to shareholders, transfer agency and custodian fees and franchise taxes.

* Class B shares will automatically convert to Class A shares approximately seven years after purchase. See "Shareholder Guide-Conversion Feature-Class B Shares."

** Estimated based on expenses expected to have been incurred if Class C shares had been in existence during the fiscal year ended February 28, 1994.

\D Pursuant to rules of the National Association of Securities Dealers, Inc., the aggregate initial sales charges, deferred sales charges and asset-based sales charges on shares of the Fund may not exceed 6.25% of total gross sales, subject to certain exclusions. This 6.25% limitation is imposed on the Fund rather than on a per shareholder basis. Therefore, long-term Class B and Class C shareholders of the Fund may pay more in total sales charges than the economic equivalent of 6.25% of such shareholders' investment in such shares. See "How the Fund is Managed-Distributor."

\D \D Although the Class A Distribution and Service Plan provides that the Fund may pay a distribution fee of up to .30 of 1% per annum of the average daily net assets of the Class A shares, the Distributor has agreed to limit its distribution fees with respect to Class A shares of the Fund to no more than .25 of 1% of the average daily net assets of the Class A shares for the fiscal year ending February 28, 1995. See "How the Fund is Managed-Distributor."

</TABLE>

FINANCIAL HIGHLIGHTS
(for a share outstanding throughout each of the indicated periods)
(Class A Shares)

The following financial highlights have been audited by Price Waterhouse, independent accountants, whose report thereon was unqualified. This information should be read in conjunction with the financial statements and notes thereto, which appear in the Statement of Additional Information. The following financial highlights contain selected data for a Class A share of common stock outstanding, total return, ratios to average net assets and other supplemental data for the periods indicated. The information is based on data contained in the financial statements. No Class C shares were outstanding during the periods indicated.

	Class A				
	Year ended February 28/29,			January 22, 1990* through February 28,	
	1994	1993	1992\D	1991	1990
PER SHARE OPERATING PERFORMANCE:					
Net asset value, beginning of period .	\$15.74	\$15.84	\$14.91	\$14.47	\$14.45
Income from Investment Operations					
Net investment income .....	.03	.19	.21	.27	.01
Net realized and unrealized gain (loss) on investment transactions	1.29	.37	1.75	.64	.01
Total from investment operations ...	1.32	.56	1.96	.91	.02
Less Distributions					
Dividends from net investment income .	-	(.18)	(.29)	(.26)	-
Distributions from net realized gains	(1.95)	(.48)	(.74)	(.21)	-
Total distributions	(1.95)	(.66)	(1.03)	(.47)	-
Net asset value, end of period	\$15.11	\$15.74	\$15.84	\$14.91	\$14.47
TOTAL RETURN:\D\D	8.81%	3.74%	13.76%	6.74%	.14%**
RATIOS/SUPPLEMENTAL DATA:					
Net assets, end of period (000)	\$5,469	\$4,264	\$5,202	\$1,105	\$147
Ratios to average net assets:					
Expenses, including distribution fees	1.34%	1.29%	1.35%	1.46%	1.49%**
Expenses, excluding distribution fees	1.13%	1.09%	1.15%	1.26%	1.29%**
Net investment income .....	.20%	1.13%	1.37%	1.94%	3.39%**
Portfolio turnover rate	178%	99%	146%	77%	76%

* Commencement of offering of Class A shares.

** Annualized.

\D Calculated based upon weighted average shares outstanding during the year.

\D \D Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total returns for periods of less than a full year are not annualized.

The following financial highlights, with respect to the five-year period ended February 28, 1994, have been audited by Price Waterhouse, independent accountants, whose report thereon was unqualified. This information should be read in conjunction with the financial statements and notes thereto, which appear in the Statement of Additional Information. The following financial highlights contain selected data for a Class B share of common stock outstanding, total return, ratios to average net assets and other supplemental data for the periods indicated. The information is based on data contained in the financial statements. No Class C shares were outstanding during the periods indicated.

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	Class B									
	Years ended February 28/29									
	1994	1993	1992\D	1991	1990*	1989	1988	1987	1986	1985
PER SHARE OPERATING PERFORMANCE:										
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period	\$15.74	\$15.86	\$14.92	\$14.46	\$13.40	\$12.79	\$14.38	\$11.86	\$ 9.12	\$ 8.49
Income from Investment Operations										
Net investment income (loss)	(.09)	.06	.11	.17	.26	.35	.24	.16	.26	.44
Net realized and unrealized gain (loss) on investment transactions	1.29	.37	1.73	.65	1.21	.64	(.80)	3.04	2.73	.59
Total from investment operations	1.20	.43	1.84	.82	1.47	.99	(.56)	3.20	2.99	1.03
Less Distributions										
Dividends from net investment income	-	(.07)	(.16)	(.16)	(.41)	(.38)	(.15)	(.18)	(.25)	(.40)
Distributions from net realized gains	(1.95)	(.48)	(.74)	(.20)	-	-	(.88)	(.50)	-	-
Total distributions	(1.95)	(.55)	(.90)	(.36)	(.41)	(.38)	(1.03)	(.68)	(.25)	(.40)
Net asset value, end of period	\$14.99	\$15.74	\$15.86	\$14.92	\$14.46	\$13.40	\$12.79	\$14.38	\$11.86	\$ 9.12
TOTAL RETURN\D\D	8.02%	2.91%	12.80%	6.03%	10.90%	7.90%	-4.02%	27.93%	33.80%	12.44%
RATIOS/SUPPLEMENTAL DATA:										
Net assets, end of period (000)	\$203,115	\$236,590	\$275,826	\$277,282	\$327,406	\$350,387	\$446,155	\$272,515	\$157,329	\$163,502
Expenses, including distribution fees	2.13%	2.09%	2.15%	2.26%	1.70%	1.63%	1.81%	1.94%	1.85%	1.93%
Expenses, excluding distribution fees	1.13%	1.09%	1.15%	1.26%	0.97%	0.91%	0.88%	0.97%	0.97%	0.93%
Net investment income	(.59%)	0.37%	0.74%	1.14%	1.71%	2.67%	1.79%	1.24%	2.74%	5.23%
Portfolio turnover rate	1.78%	99%	146%	77%	76%	64%	93%	109%	216%	233%

<FN>

* On January 22, 1990, Prudential Mutual Fund Management, Inc. succeeded Prudential Securities Incorporated as the manager of the Fund. See "Manager" in the Statement of Additional Information.

\D Calculated based upon weighted average shares outstanding during the year.

\D \D Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions.

\D \D \D The Fund adopted a plan of distribution effective July 1, 1985 which was amended and restated on January 22, 1990. Consequently, historical expenses and ratios of expenses to average net assets for Class B shares, prior to 1990, are not necessarily indicative of future expenses and related ratios for that Class. See "How the Fund is Managed-Distributor."

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HOW THE FUND INVESTS

On June 23, 1994, at a special meeting of shareholders, shareholders approved a change in the name of the Fund to Prudential Strategist Fund, Inc.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to seek a high total return (capital appreciation plus dividend and interest income) consistent with reasonable risk. In seeking to achieve this objective, the Fund will allocate assets among equity securities, fixed-income securities and cash based on an evaluation of current market and economic conditions by Greg A. Smith Asset Management Corporation (the Subadviser).

Under normal market conditions, the Fund will invest at least 50% of its total assets in equity securities that, in the view of the Subadviser, have the potential for long-term growth of capital. The Fund invests in common stocks, securities convertible into common stocks, non-convertible preferred stocks and debt securities of U.S. and non-U.S. issuers. The Fund's investments in bonds will be in securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, foreign government securities or in obligations of banks or corporations rated A (upper medium grade obligations) or better by Standard & Poor's Corporation (S&P) or Moody's Investors Service (Moody's). The Fund may also purchase and sell options on debt and equity securities, on financial indices and foreign currencies, and financial futures and options thereon. The Fund may engage in short-selling and short-term trading, which may be considered speculative and may result in higher risks and costs to the Fund. See "Other Investments and Policies" below. There is no assurance that the Fund will meet its objective.

The Fund's investment objective is a fundamental policy and may not be changed without the approval of the holders of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act of 1940, as amended (the Investment Company Act). Fund policies that are not fundamental may be modified by the Board of Directors.

In structuring the Fund's portfolio and in selecting specific investments for the Fund, the Subadviser determines: (1) the mix of assets among equity securities, fixed-income securities and cash; (2) the distribution of securities among various economic sectors (such as energy, financial services and utilities); (3) specific industries within each economic sector; and (4) specific securities within each industry. In making asset allocations, the Subadviser will consider the general economic environment, its impact on financial markets, the rate of inflation, the outlook for real economic growth in the United States and abroad and monetary, fiscal and foreign policy. Within the framework of historical benchmarks and valuations, the Subadviser will consider price/earnings ratios, ratios of market value to book value and dividend growth. In selecting securities, the Subadviser considers economic sectors and industries worldwide that in its judgment are most likely to benefit from prevailing economic and market conditions.

When the Subadviser believes that in light of market and economic conditions a defensive investment strategy is appropriate, the Fund will attempt to reduce its exposure to market risk and may invest without limit in U.S. Government securities, foreign government securities, corporate debt obligations and high quality money market instruments.

Money Market Instruments. The Fund may invest in high quality money market instruments, including commercial paper of a U.S. or non-U.S. company, foreign government securities, certificates of deposit, bankers' acceptances and time deposits of domestic and foreign banks, and obligations issued or guaranteed by the U.S. Government, its agencies and instrumentalities. These obligations will be U.S. dollar denominated or denominated in a foreign currency.

Foreign Investments. Investing in securities of foreign companies and countries involves certain considerations and risks which are not typically associated with investing in U.S. Government securities and those of domestic companies. Foreign companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. There may also be less government

regulation of foreign securities exchanges, brokers and listed companies than exists in the United States. Dividends and interest paid by foreign issuers may be subject to withholding and other foreign taxes which may decrease the net return on such investments as compared to dividends and interest paid to the Fund by domestic companies or the U.S. Government. There may be the possibility of expropriations, confiscatory taxation, political, economic or social instability or diplomatic developments which could affect assets of the Fund held in foreign countries. In addition, a portfolio of foreign securities may be adversely affected by fluctuations in the relative rates of exchange between the currencies of different nations and by exchange control regulations.

There may be less publicly available information about foreign companies and governments compared to reports and ratings published about U.S. companies. Foreign securities markets have substantially less volume than the New York Stock Exchange and securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies. Brokerage commissions and other transaction costs on foreign securities exchanges are generally higher than in the United States.

Portfolio Turnover. The Fund does not expect to trade in securities for short-term gain. It is anticipated that the annual portfolio turnover rate will not exceed 100%. The portfolio turnover rate is calculated by dividing the lesser of sales or purchases of portfolio securities by the average monthly value of the Fund's portfolio securities, excluding securities having a maturity at the date of purchase of one year or less.

HEDGING AND INCOME ENHANCEMENT STRATEGIES

The Fund may engage in various portfolio strategies to reduce certain risks of its investments and to attempt to enhance income. These strategies include the purchase and writing (i.e., sale) of put and call options on stocks, stock indices, debt securities and foreign currencies, the use of forward currency exchange contracts and the purchase and sale of stock index futures and related options. The Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations and there can be no assurance that any of these strategies will succeed. See "Investment Objective and Policies-Additional Investment Policies" in the Statement of Additional Information. New financial products and risk management techniques have been or may be developed and the Fund may use these new investments and techniques to the extent consistent with its investment objective and policies and investment restrictions.

Options Transactions

The Fund may purchase and write (i.e., sell) put and call options on securities and currencies that are traded on national securities exchanges or in the over-the-counter market to enhance income or to hedge the Fund's portfolio. These options will be primarily on stocks and stock indices but may also be on debt securities, U.S. Government securities (listed and over-the-counter, i.e., purchased or sold through primary U.S. Government securities dealers) and foreign currencies. The Fund may write covered put and call options to generate additional income through the receipt of premiums, purchase put options in an effort to protect the value of a security that it owns against a decline in market value and purchase call options in an effort to protect against an increase in the price of securities (or currencies) it intends to purchase. The Fund may also purchase put and call options to offset previously written put and call options of the same series. See "Investment Objective and Policies-Additional Investment Policies-Options on Securities" in the Statement of Additional Information.

A call option gives the purchaser, in exchange for a premium paid, the right for a specified period of time to purchase the securities or currency subject to the option at a specified price (the "exercise price" or "strike price"). The writer of a call option, in return for the premium, has the obligation, upon exercise of the option, to deliver, depending upon the terms of the option contract, the underlying securities or a specified amount of cash to the purchaser upon receipt of the exercise price. When the Fund writes a call option, the Fund gives up the potential for gain on the underlying securities or currency in excess of the exercise price of the option during the period that the option is open.

A put option gives the purchaser, in return for a premium, the right, for a specified period of time, to sell the securities or currency subject to the option to the writer of the put at the specified exercise price. The

option, in return for the premium, has the obligation, upon exercise of the option, to acquire the securities or currency underlying the option at the exercise price. The Fund might, therefore, as the writer of a put option be obligated to purchase the underlying securities or currency for more than their current market price.

Options on stock indices are similar to options on equity securities except that, rather than the right to take or make delivery of stock at a specified price, an option on a stock index gives the holder the right, in return for a premium paid, to receive, upon exercise of the option, an amount of cash if the closing level of the stock index upon which the option is based is greater than, in the case of a call, or less than in the case of a put, the exercise price of the option. The writer of an index option, in return for the premium, is obligated to pay the amount of cash due upon exercise of the option. See "Investment Objective and Policies-Additional Investment Policies-Options on Stock Indices" in the Statement of Additional Information.

The Fund will write only "covered" options. An option is covered if, so long as the Fund is obligated under the option, it owns an offsetting position in the underlying security or currency or maintains cash, U.S. Government securities or other liquid high-grade debt obligations with a value sufficient at all times to cover its obligations. See "Investment Objective and Policies-Additional Investment Policies" in the Statement of Additional Information. There is no limitation on the amount of call options the Fund may write. The Fund may only write covered put options to the extent that cover for such options does not exceed 25% of the Fund's net assets. The Fund will not purchase an option if, as a result of such purchase, more than 20% of its total assets would be invested in premiums for options and options on futures.

Forward Currency Exchange Contracts

The Fund may enter into forward foreign currency exchange contracts to protect the value of the foreign securities in its portfolio against future changes in the level of currency exchange rates. The Fund may conduct such transactions on a spot, i.e., cash, basis at the rate then prevailing in the currency exchange market or on a forward basis, by entering into a forward contract to purchase or sell currency. A forward contract on foreign currency is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days agreed upon by the parties from the date of the contract at a price set on the date of the contract.

Futures Contracts and Options Thereon

The Fund may purchase and sell financial futures contracts and options thereon which are traded on a commodities exchange or board of trade for certain hedging, return enhancement and risk management purposes in accordance with regulations of the Commodity Futures Trading Commission. These futures contracts and related options will primarily be stock index futures and related options but may also include futures contracts on debt securities, U.S. Government securities and foreign currencies and related options. A stock index futures contract is an agreement in which one party agrees to deliver to another an amount of cash equal to a specific dollar amount times the difference between a specific stock index at the close of the last trading day of the contract and the price at which the agreement is made. No physical delivery of the underlying stocks in the index is made.

The Fund may not purchase or sell futures contracts and related options if immediately thereafter the sum of the amount of initial margin deposits on the Fund's existing futures and options on futures and premiums paid for such related options would exceed 5% of the market value of the Fund's total assets.

The Fund's successful use of futures contracts and related options depends upon the Subadviser's ability to predict the direction of the market and is subject to various additional risks. The correlation between movements in the price of a futures contract and the price of the securities being hedged is imperfect and there is a risk that the value of the securities being hedged may increase or decrease at a greater rate than a specified futures contract resulting in losses to the Fund.

The Fund's ability to enter into futures contracts and options thereon may also be limited by the requirements of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), for qualification as a

Contracts," "Options on Futures Contracts," "Currency Futures and Options Thereon" and "Dividends, Distributions and Taxes" in the Statement of Additional Information.

Special Risks of Hedging and Income Enhancement Strategies

Participation in the options or futures markets and in currency exchange transactions involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies. If the Subadviser's prediction of movements in the direction of the securities, foreign currency and interest rate markets is inaccurate, the adverse consequences to the Fund may leave the Fund in a worse position than if such strategies were not used. Risks inherent in the use of options, foreign currency and futures contracts and options on futures contracts include (1) dependence on the Subadviser's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (2) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (3) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (4) the possible absence of a liquid secondary market for any particular instrument at any time; (5) the possible need to defer closing out certain hedged positions to avoid adverse tax consequences; (6) the possible inability of the Fund to purchase or sell a portfolio security at a time that otherwise would be favorable for it to do so, or the possible need for the Fund to sell a portfolio security at a disadvantageous time, due to the need for the Fund to maintain cover or to segregate securities in connection with hedging transactions; and (7) in the case of over-the-counter options, the risk of default by the counterparty. See "Additional Risks of Options on Securities and Currencies, Futures Contracts, Options on Futures Contracts and Forward Contracts," "Special Risk Considerations Relating to Futures Contracts and Options Thereon" and "Limitations on the Purchase and Sale of Futures Contracts and Options on Futures Contracts" in the Statement of Additional Information.

OTHER INVESTMENTS AND POLICIES

Repurchase Agreements

The Fund may on occasion enter into repurchase agreements whereby the seller of a security agrees to repurchase that security from the Fund at a mutually agreed-upon time and price. The period of maturity is usually quite short, possibly overnight or a few days, although it may extend over a number of months. The resale price is in excess of the purchase price, reflecting an agreed-upon rate of return effective for the period of time the Fund's money is invested in the security. The Fund's repurchase agreements will at all times be fully collateralized in an amount at least equal to the purchase price including accrued interest earned on the underlying securities. The instruments held as collateral are valued daily, and as the value of the instruments declines, the Fund will require additional collateral. If the seller defaults and the value of the collateral securing the repurchase agreement declines, the Fund may incur a loss. See "Investment Objective and Policies-Repurchase Agreements" in the Statement of Additional Information.

Securities Lending

The Fund is permitted to lend its portfolio securities, although it has no present intention of doing so. See "Investment Objective and Policies-Lending of Portfolio Securities" in the Statement of Additional Information.

Short Selling

The Fund may sell a security it does not own in anticipation of a decline in the market value of that security (short sale). To complete such a transaction, the Fund must borrow the security to make delivery to the buyer. The Fund then is obligated to replace the security borrowed by purchasing it at market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Fund. Until the security is replaced, the Fund is required to pay to the lender any dividends, interest or other distributions which accrue during the period of the loan. To borrow the security, the Fund also may be required to pay a premium, which would increase the cost of the security sold. The proceeds of the short sale will be retained by the broker, to the

extent necessary to meet margin requirements, until the short position is closed out. Until the Fund replaces a borrowed security, the Fund will maintain daily a segregated account, containing cash or U.S. Government securities, at such a level that the amount deposited in the

account plus the amount deposited with the broker as collateral will equal or exceed the greater of (i) the current value of the security sold short and (ii) the market value of the security at the time it was sold short. The Fund will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund will realize a gain if the security declines in price between those dates in an amount greater than any premium paid in connection with the short sale. This result is the opposite of what would result from a cash purchase of a long position in a security. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of any premium, dividends or interest the Fund may be required to pay in connection with a short sale. No more than 25% of the Fund's net assets, when added together, will be: (i) deposited as collateral for the obligation to replace securities borrowed to effect short sales and (ii) allocated to segregated accounts in connection with short sales.

The Fund also may make short sales "against-the-box," in which the Fund enters into a short sale of a security which the Fund owns or has the right to obtain at no added cost. Not more than 25% of the Fund's net assets (determined at the time of the short sale against-the-box) may be subject to such sales.

Borrowing

The Fund may borrow an amount equal to no more than 20% of the value of its total assets (computed at the time the loan is made) from banks for temporary, extraordinary or emergency purposes or for the clearance of transactions. The Fund may pledge up to 20% of its total assets to secure these borrowings.

Illiquid Securities

The Fund may not invest more than 15% of its total assets in repurchase agreements which have a maturity of longer than seven days or in other illiquid securities, including securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale. Securities that have legal or contractual restrictions on resale but have a readily available market, such as Rule 144A securities, are not considered illiquid for purposes of this limitation. The Subadviser will monitor the liquidity of such restricted securities under the supervision of the Board of Directors. Repurchase agreements subject to demand are deemed to have a maturity equal to the notice period. See "Investment Objective and Policies-Illiquid Securities" in the Statement of Additional Information.

The staff of the Securities and Exchange Commission (SEC) has taken the position that purchased over-the-counter options and the assets used as "cover" for written over-the-counter options are illiquid securities. However, the Fund may treat the securities it uses as cover for written over-the-counter options on U.S. Government securities as liquid provided it follows a specified procedure. The Fund may sell over-the-counter options on U.S. Government securities only to qualified dealers who agree that the Fund may repurchase any over-the-counter options it writes for a maximum price to be calculated by a predetermined formula. In such cases, the over-the-counter option would be considered illiquid only to the extent that the maximum repurchase price under the formula exceeds the intrinsic value of the option.

The staff of the SEC has also taken the position that purchased over-the-counter options and the assets used as "cover" for written over-the-counter options are illiquid securities unless the Fund and the counterparty have provided for the Fund, at the Fund's election, to unwind the over-the-counter option. The exercise of such an option ordinarily would involve the payment by the Fund of an amount designed to reflect the counterparty's economic loss from an early termination, but does allow the Fund to treat the assets used as "cover" as "liquid."

INVESTMENT RESTRICTIONS

The Fund is subject to certain investment restrictions which, like its investment objective, constitute fundamental policies. Fundamental policies

cannot be changed without the approval of the holders of a majority of the Fund's outstanding voting securities, as defined in the Investment Company Act. See "Investment Restrictions" in the Statement of Additional Information.

HOW THE FUND IS MANAGED

The Fund has a Board of Directors which, in addition to overseeing the actions of the Fund's Manager, Subadviser and Distributor, as set forth below, decides upon matters of general policy. The Fund's Manager conducts and supervises the daily business operations of the Fund. The Fund's Subadviser furnishes daily investment advisory services.

For the fiscal year ended February 28, 1994, the total expenses as a percentage of average net assets for the Fund's Class A and Class B shares were 1.34% and 2.13%, respectively. See "Financial Highlights". No Class C shares were outstanding during the fiscal year ended February 28, 1994.

MANAGER

Prudential Mutual Fund Management, Inc. (PMF or the Manager), One Seaport Plaza, New York, New York 10292, is the Manager of the Fund and is compensated for its services at an annual rate of .625 of 1% of the first \$500 million of average daily net assets, .55 of 1% of the next \$500 million and .50 of 1% thereafter of the Fund's average daily net assets. It was incorporated in May 1987 under the laws of the State of Delaware. For the fiscal year ended February 28, 1994, the Fund paid management fees to PMF of .625% of the Fund's average net assets. See "Manager" in the Statement of Additional Information.

As of March 31, 1994, PMF served as the manager to [37] open-end investment companies, constituting all of the Prudential Mutual Funds, and as manager or administrator to [29] closed-end investment companies. These companies have aggregate assets of approximately \$[49] billion.

Under the Management Agreement with the Fund, PMF manages the investment operations of the Fund and also administers the Fund's corporate affairs. See "Manager" in the Statement of Additional Information.

Under a Subadvisory Agreement between PMF and Greg A. Smith Asset Management Corporation, the Subadviser furnishes investment advisory services in connection with the management of the Fund. PMF continues to have responsibility for all investment advisory services pursuant to the Management Agreement and supervises the Subadviser's performance of such services. Under the Subadvisory Agreement, PMF compensates the Subadviser for its services thereunder at an annual rate of .375 of 1% of the Fund's average daily net assets up to \$500 million, .35 of 1% of such amounts between \$500 million and \$1 billion and .30 of 1% of such amounts in excess of \$1 billion.

Greg A. Smith, the president and principal stockholder of the Subadviser, is the portfolio manager of the Fund and has responsibility for the day-to-day management of the Fund's portfolio. Mr. Smith has managed the Fund's portfolio since August 1, 1991 and from its inception in 1983 until September 1987. Greg A. Smith is also a consultant to Prudential Securities Incorporated (Prudential Securities or PSI) and has acted as Prudential Securities' Chief Investment Strategist since 1982. He also acts as a consultant to The Prudential Investment Corporation on two open-end funds managed by the Manager. Prudential Securities provides office facilities to the Subadviser.

Mr. Smith is recognized in the financial community as a leading asset allocation strategist. Since 1983, he has been named by Institutional Investor Magazine as a member of its All-America Research Team. He is also responsible for Prudential Securities receiving the top ranking for asset allocation among twelve brokerage firms for the five-year period ended March 31, 1994 in a continuing survey conducted by The Wall Street Journal and Wilshire Associates.

As a consultant to PSI, the Subadviser currently prepares PSI's Market and Economic Outlook.

Prudential Mutual Fund Distributors, Inc. (PMFD), One Seaport Plaza, New York, New York 10292, is a corporation organized under the laws of the State of Delaware and serves as the distributor of the Class A shares of the Fund. It is a wholly-owned subsidiary of PMF.

Prudential Securities (Prudential Securities or PSI), One Seaport Plaza, New York, New York 10292, is a corporation organized under the laws of the State of Delaware and serves as the distributor of the Class B and Class C shares of the Fund. It is an indirect, wholly-owned subsidiary of Prudential.

Under separate Distribution and Service Plans (the Class A Plan, the Class B Plan and the Class C Plan, collectively, the Plans) adopted by the Fund under Rule 12b-1 under the Investment Company Act and separate distribution agreements (the Distribution Agreements), PMFD and Prudential Securities (collectively, the Distributor) incur the expenses of distributing the Fund's Class A, Class B and Class C shares. These expenses include commissions and account servicing fees paid to, or on account of, financial advisers of Prudential Securities and Pruco Securities Corporation (Prusec), an affiliated broker-dealer, commissions and account servicing fees paid to, or on account of, other broker-dealers or financial institutions (other than national banks) which have entered into agreements with the Distributor, advertising expenses, the cost of printing and mailing prospectuses to potential investors and indirect and overhead costs of Prudential Securities and Prusec associated with the sale of Fund shares, including lease, utility, communications and sales promotion expenses. The State of Texas requires that shares of the Fund may be sold in that state only by dealers or other financial institutions which are registered there as broker-dealers.

Under the Plans, the Fund is obligated to pay distribution and/or service fees to the Distributor as compensation for its distribution and service activities, not as reimbursement for specific expenses incurred. If the Distributor's expenses exceed its distribution and service fees, the Fund will not be obligated to pay any additional expenses. If the Distributor's expenses are less than such distribution and service fees, it will retain its full fees and realize a profit.

Under the Class A Plan, the Fund may pay PMFD for its distribution-related expenses with respect to Class A shares at an annual rate of up to .30 of 1% of the average daily net asset value of the Class A shares. The Class A Plan provides that (i) up to .25 of 1% of the average daily net assets of the Class A shares may be used to pay for personal service and/or the maintenance of shareholder accounts (service fee) and (ii) total distribution fees (including the service fee of .25 of 1%) may not exceed .30 of 1% of the average daily net assets of the Class A shares. It is expected that in the case of Class A shares, proceeds from the distribution fee will be used primarily to pay account servicing fees to financial advisers. PMFD has agreed to limit its distribution-related fees payable under the Class A Plan to .25 of 1% of the average daily net assets of the Class A shares for the fiscal year ending February 28, 1995.

For the fiscal year ended February 28, 1994, PMFD received payments of \$8,690 under the Class A Plan as reimbursement of expenses related to the distribution of Class A shares. This amount was primarily expended for payment of account servicing fees to financial advisers and other persons who sell Class A shares. For the fiscal year ended February 28, 1994, PMFD also received approximately \$44,200 in initial sales charges.

Under the Class B and Class C Plans, the Fund pays Prudential Securities for its distribution-related expenses with respect to Class B and Class C shares at an annual rate of 1% of the average daily net assets of each of the Class B and Class C shares. The Class B and Class C Plans provide for the payment to Prudential Securities of (i) an asset-based sales charge of .75 of 1% of the average daily net assets of the Class B and Class C shares, and (ii) a service fee of .25 of 1% of the average daily net assets of each of the Class B and Class C shares. The service fee is used to pay for personal service and/or the maintenance of shareholder accounts. Prudential Securities also receives contingent deferred sales charges from certain redeeming shareholders. See "Shareholder Guide-How to Sell Your Shares-Contingent Deferred Sales Charges."

For the fiscal year ended February 28, 1994, Prudential Securities incurred distribution expenses of approximately \$1,037,200 under the Class B Plan and received \$2,180,398 from the Fund under the Class B Plan. In

addition, Prudential Securities received approximately \$249,900 in contingent deferred sales charges from redemptions of Class B shares during the year. No Class C shares were outstanding during the fiscal year ending February 28, 1994.

For the fiscal year ended February 28, 1994, the Fund paid distribution expenses of .21% and 1.00% of the average net assets of the Class A and Class B shares, respectively. The Fund records all payments made under the Plans as expenses in the calculation of net investment income. No Class C shares were outstanding during the fiscal year ended February 28, 1994.

Distribution expenses attributable to the sale of shares of the Fund will be allocated to each class based upon the ratio of sales of each class to the sales of all shares of the Fund other than expenses allocable to a particular class. The distribution fee and sales charge of one class will not be used to subsidize the sale of another class.

Each Plan provides that it shall continue in effect from year to year provided that a majority of the Board of Directors of the Fund, including a majority of the Directors who are not "interested persons" of the Fund (as defined in the Investment Company Act) and who have no direct or indirect financial interest in the operation of the Plan or any agreement related to the Plan (the Rule 12b-1 Directors), vote annually to continue the Plan. Each Plan may be terminated at any time by vote of a majority of the Rule 12b-1 Directors or of a majority of the outstanding shares of the applicable class of the Fund. The Fund will not be obligated to pay expenses incurred under any plan if it is terminated or not continued.

In addition to distribution and service fees paid by the Fund under the Class A, Class B and Class C Plans, the Manager (or one of its affiliates) may make payments to dealers and other persons who distribute shares of the Fund. Such payments may be calculated by reference to the net asset value of shares sold by such persons or otherwise.

The Distributor is subject to the rules of the National Association of Securities Dealers, Inc. governing maximum sales charges. See "Distributor" in the Statement of Additional Information.

PORTFOLIO TRANSACTIONS

Prudential Securities may also act as a broker or futures commission merchant for the Fund, provided that the commissions, fees or other remuneration it receives are fair and reasonable. See "Portfolio Transactions and Brokerage" in the Statement of Additional Information.

CUSTODIAN AND TRANSFER AND DIVIDEND DISBURSING AGENT

State Street Bank and Trust Company, One Heritage Drive, North Quincy, Massachusetts 02171, serves as Custodian for the Fund's portfolio securities and cash and, in that capacity, maintains certain financial and accounting books and records pursuant to an agreement with the Fund. Its mailing address is P.O. Box 1713, Boston, Massachusetts 02105.

Prudential Mutual Fund Services, Inc., Raritan Plaza One, Edison, New Jersey 08837, serves as Transfer Agent and Dividend Disbursing Agent and in those capacities maintains certain books and records for the Fund. PMFS is a wholly-owned subsidiary of PMF. Its mailing address is P.O. Box 15005, New Brunswick, New Jersey 08906-5005.

HOW THE FUND VALUES ITS SHARES

The Fund's net asset value per share or NAV is determined by subtracting its liabilities from the value of its assets and dividing the remainder by the number of outstanding shares. NAV is calculated separately for each class. The Board of Directors has fixed the specific time of day for the computation of the Fund's NAV to be as of 4:15 P.M., New York time.

Portfolio securities are valued based on market quotations or, if not readily available, at fair value as determined in good faith under procedures established by the Fund's Board of Directors. See "Net Asset Value" in the Statement of Additional Information.

The Fund will compute its NAV once daily on days that the New York Stock Exchange is open for trading except on days on which no orders to purchase, sell or redeem shares have been received by the Fund or days on which changes in the value of the Fund's portfolio securities do not materially affect the net asset value. The New York Stock Exchange is closed on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Although the legal rights of each class of shares will be identical, the different expenses borne by each class will result in different NAVs and dividends. The NAV of Class B and Class C shares will generally be lower than the NAV of

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Class A shares as a result of the larger distribution-related fee to which Class B and Class C shares are subject. It is expected, however, that the NAV of the three classes will tend to converge immediately after the recording of dividends which will differ by approximately the amount of the distribution-related expense accrual differential among the classes.

HOW THE FUND CALCULATES PERFORMANCE

From time to time the Fund may advertise its total return (including "average annual" total return and "aggregate" total return) and yield in advertisements or sales literature. Total return and yield are calculated separately for Class A, Class B and Class C shares. These figures are based on historical earnings and are not intended to indicate future performance. The "total return" shows how much an investment in the Fund would have increased (decreased) over a specified period of time (i.e., one, five or ten years or since inception of the Fund) assuming that all distributions and dividends by the Fund were reinvested on the reinvestment dates during the period and less all recurring fees. The "aggregate" total return reflects actual performance over a stated period of time. "Average annual" total return is a hypothetical rate of return that, if achieved annually, would have produced the same aggregate total return if performance had been constant over the entire period. "Average annual" total return smooths out variations in performance and takes into account any applicable initial or contingent deferred sales charges. Neither "average annual" total return nor "aggregate" total return takes into account any federal or state income taxes which may be payable upon redemption. The "yield" refers to the income generated by an investment in the Fund over a one-month or 30-day period. This income is then "annualized;" that is, the amount of income generated by the investment during that 30-day period is assumed to be generated each 30-day period for twelve periods and is shown as a percentage of the investment. The income earned on the investment is also assumed to be reinvested at the end of the sixth 30-day period. The Fund may also from time to time advertise its 30-day yield. The Fund also may include comparative performance information in advertising or marketing the Fund's shares. Such performance information may include data from Lipper Analytical Services, Inc., other industry publications, business periodicals, rating services and market indices. See "Performance Information" in the Statement of Additional Information. The Fund will include performance data for each class of shares of the Fund in any advertisement or information including performance data of the Fund. Further performance information is contained in the Fund's annual and semi-annual reports to shareholders, which may be obtained without charge. See "Shareholder Guide-Shareholder Services-Reports to Shareholders."

TAXES, DIVIDENDS AND DISTRIBUTIONS

Taxation of the Fund

The Fund has qualified and intends to remain qualified as a regulated investment company under the Internal Revenue Code. Accordingly, the Fund will not be subject to federal income taxes on its net investment income and capital gains, if any, that it distributes to its shareholders. See "Taxes" in the Statement of Additional Information.

The Fund may, from time to time, invest in Passive Foreign Investment Companies (PFICs). PFICs are foreign corporations which derive a majority of their income from passive sources. For tax purposes, the Fund's investments in PFICs may subject the Fund to federal income taxes on certain income and gains realized by the Fund.

Taxation of Shareholders

All dividends distributed out of net investment income, together with distributions of net short-term capital gains, will be taxable as ordinary income to the shareholder whether or not reinvested. Any net long-term capital gains (i.e., the excess of net long-term capital gains over net short-term capital losses) distributed to shareholders will be taxable as such to the shareholders, whether or not reinvested and regardless of the length of time a shareholder has owned his or her shares. The maximum long-term capital gains rate for individuals is currently 28%. The maximum long-term capital gains rate for corporate shareholders is currently the same as the maximum tax rate for ordinary income.

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The Fund has obtained an opinion of counsel to the effect that the conversion of Class B shares into Class A shares does not constitute a taxable event for U.S. income tax purposes. However, such opinion is not binding on the Internal Revenue Service.

Withholding Taxes

Under U.S. Treasury regulations, the Fund is required to withhold and remit to the U.S. Treasury 31% of dividend, capital gain income and redemption proceeds on the accounts of those shareholders who fail to furnish their tax identification numbers on IRS Form W-9 (or IRS Form W-8 in the case of certain foreign shareholders) with the required certifications regarding the shareholder's status under the federal income tax law. Notwithstanding the foregoing, dividends of net investment income and short-term capital gains to a foreign shareholder will generally be subject to U.S. withholding tax at the rate of 30% (or lower treaty rate).

Dividends and Distributions

The Fund expects to pay dividends of net investment income, if any, semi-annually and make distributions at least annually of any net capital gains. In determining amounts of capital gains to be distributed, any capital loss carryforwards from prior years will be offset against capital gains. Dividends paid by the Fund with respect to each class of shares, to the extent any dividends are paid, will be calculated in the same manner, at the same time, on the same day and will be in the same amount except that each class will bear its own distribution-related expenses, generally resulting in lower dividends for Class B and Class C shares. Distributions of net capital gains, if any, will be paid in the same amount for each class of shares. See "How the Fund Values its Shares."

Dividends paid by the Fund are eligible for the 70% dividends-received deduction for corporate shareholders to the extent that the Fund's income is derived from certain dividends received from domestic corporations. Capital gains distributions are not eligible for the 70% dividends-received deduction.

Dividends and distributions will be paid in additional Fund shares based on the NAV of each class on the record date, or such other date as the Board of Directors may determine, unless the shareholder elects in writing not less than five business days prior to the record date to receive such dividends and distributions in cash. Such election should be submitted to Prudential Mutual Fund Services, Inc., Account Maintenance, P.O. Box 15015, New Brunswick, New Jersey 08906-5015. If you hold shares through Prudential Securities, you should contact your financial adviser to elect to redeem dividends and distributions in cash. The Fund will notify each shareholder after the close of the Fund's taxable year both of the

dollar amount and the taxable status of that year's dividends and distributions on a per share basis. See "Dividends, Distributions and Taxes" in the Statement of Additional Information.

When the Fund goes "ex-dividend," the NAV of each class is reduced by the amount of the dividend or distribution allocable to each class. If you buy shares just prior to the ex-dividend date, the price you pay will include the dividend or distribution and a portion of your investment will be returned to you as a taxable dividend or distribution. You should, therefore, consider the timing of dividends and distributions when making your purchases.

Shareholders are advised to consult their own tax advisers regarding specific questions as to federal, state or local taxes.

GENERAL INFORMATION

DESCRIPTION OF COMMON STOCK

The Fund was incorporated in Maryland on March 21, 1983. The Fund is authorized to issue 500 million shares of common stock, \$.01 par value per share, divided into three classes, designated Class A, Class B and Class C common stock, which consists of 166,666,666 authorized Class A shares, 166,666,666 authorized Class B shares

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and 166,666,668 authorized Class C shares. Each class of common stock represents an interest in the same assets of the Fund and is identical in all respects except that (i) each class bears different distribution expenses, (ii) each class has exclusive voting rights with respect to its distribution and service plan (except that the Fund has agreed with the SEC in connection with the offering of a conversion feature on Class B shares to submit any amendment of the Class A Plan to both Class A and Class B shareholders), (iii) each class has a different exchange privilege and (iv) only Class B shares have a conversion feature. See "How the Fund is Managed-Distributor." The Fund has received an order from the SEC permitting the issuance and sale of multiple classes of common stock. Currently, the Fund is offering three classes, designated Class A, Class B and Class C shares. Pursuant to the Fund's Articles of Incorporation, the Board of Directors may authorize the creation of additional series of common stock and classes within such series, with such preferences, privileges, limitations and voting and dividend rights as the Board may determine.

The Board of Directors may increase or decrease the number of authorized shares without approval by the shareholders. Shares of the Fund, when issued, are fully paid, nonassessable, fully transferable and redeemable at the option of the holder. Shares are also redeemable at the option of the Fund under certain circumstances as described under "Shareholder Guide-How to Sell Your Shares." Each share of each class of common stock is equal as to earnings, assets and voting privileges, except as noted above, and each class bears the expenses related to the distribution of its shares. Except for the conversion feature applicable to the Class B shares, there are no conversion, preemptive or other subscription rights. In the event of liquidation, each share of common stock of the Fund is entitled to its portion of all of the Fund's assets after all debt and expenses of the Fund have been paid. Since Class B and Class C shares generally bear higher distribution expenses than Class A shares, the liquidation proceeds to shareholders of those classes are likely to be lower than to Class A shareholders. The Fund's shares do not have cumulative voting rights for the election of Directors.

The Fund does not intend to hold annual meetings of shareholders unless otherwise required by law. The Fund will not be required to hold meetings of shareholders unless, for example, the election of Directors is required to be acted on by shareholders under the Investment Company Act. Shareholders have certain rights, including the right to call a meeting upon a vote of 10% of the Fund's outstanding shares for the purpose of voting on the removal of one or more Directors or to transact any other business.

ADDITIONAL INFORMATION

This Prospectus, including the Statement of Additional Information which has been incorporated by reference herein, does not contain all the information set forth in the Registration Statement filed by the Fund with the Securities and Exchange Commission (the SEC) under the Securities Act of 1933, as amended (the Securities Act). Copies of the Registration Statement may be obtained at a reasonable charge from the SEC or may be examined, without charge, at the office of the SEC in Washington, D.C.

SHAREHOLDER GUIDE

HOW TO BUY SHARES OF THE FUND

You may purchase shares of the Fund through Prudential Securities, Prusec or directly from the Fund through its Transfer Agent, Prudential Mutual Fund Services, Inc. (PMFS or the Transfer Agent), Attention: Investment Services, P.O. Box 15020, New Brunswick, New Jersey 08906-5020. The minimum initial investment for Class A and Class B shares is \$1,000 per class and \$5,000 for Class C shares. The minimum subsequent investment is \$100 for all classes. All minimum investment requirements are waived for certain retirement and employee savings plans or custodial accounts for the benefit of minors. For purchases made through the Automatic Savings Accumulation Plan, the minimum initial and subsequent investment requirement is \$50. See "Shareholder Services" below.

The purchase price is the NAV next determined following receipt of an order by the Transfer Agent or Prudential Securities plus a sales charge which, at your option, may be imposed either (i) at the time of purchase (Class A

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shares) or (ii) on a deferred basis (Class B or Class C shares). See "Alternative Purchase Plan" below. See also "How the Fund Values its Shares."

Application forms can be obtained from PMFS, Prudential Securities or Prusec. If a stock certificate is desired, it must be requested in writing for each transaction. Certificates are issued only for full shares. Shareholders who hold their shares through Prudential Securities will not receive stock certificates.

The Fund reserves the right to reject any purchase order (including an exchange) or to suspend or modify the continuous offering of its shares. See "How to Sell Your Shares."

Your dealer is responsible for forwarding payment promptly to the Fund. The Distributor reserves the right to cancel any purchase order for which payment has not been received by the fifth business day following the investment.

Transactions in Fund shares may be subject to postage and handling charges imposed by your dealer.

Purchase by Wire. For an initial purchase of shares of the Fund by wire, you must first telephone PMFS at (800) 225-1852 (toll-free) to receive an account number. The following information will be requested: your name, address, tax identification number, class election, dividend distribution election, amount being wired and wiring bank. Instructions should then be given by you to your bank to transfer funds by wire to State Street Bank and Trust Company (State Street), Boston, Massachusetts, Custody and Shareholder Services Division, Attention: Prudential Strategist Fund, Inc., specifying on the wire the account number assigned by PMFS and the investor's name and identifying the sales charge alternative (Class A, Class B or Class C shares).

If you arrange for receipt by State Street of Federal Funds prior to 4:15 P.M., New York time, on a business day, you may purchase shares of the Fund as of that day.

In making a subsequent purchase order by wire, you should wire State Street directly and should be sure that the wire specifies Prudential Strategist Fund, Inc., Class A, Class B or Class C shares and your name and

individual account number. It is not necessary to call PMFS to make subsequent purchase orders utilizing Federal Funds. The minimum amount which may be invested by wire is \$1,000.

ALTERNATIVE PURCHASE PLAN

The Fund offers three classes of shares (Class A, Class B and Class C shares), which allows you to choose the most beneficial sales charge structure for your individual circumstances, given the amount of the purchase, the length of time you expect to hold the shares and other relevant circumstances (Alternative Purchase Plan).

<TABLE>
<CAPTION>

	Sales Charge	Annual 12b-1 Fees (as a % of average daily Net assets)	Other Information
<S>	<C>	<C>	<C>
Class A	Maximum initial sales charge of [5.00%] of the public offering price.	.30 of 1% (Currently being charged at a rate of .25 of 1%)	Initial sales charge waived or reduced for certain purchases
Class B	Maximum contingent deferred sales charge or CDSC of 5% of the lesser of the amount invested or the redemption proceeds; declines to zero after six years	1%	Shares convert to Class A shares approximately seven years after purchase
Class C	Maximum CDSC of 1% of the lesser of the amount invested or the redemption proceeds on redemptions made within one year of purchase	1%	Shares do not convert to another class

</TABLE>

The three classes of shares represent an interest in the same portfolio of investments of the Fund and have the same rights, except that (i) each class bears the separate expenses of its Rule 12b-1 distribution and service plan, (ii) each class has exclusive voting rights with respect to its plan (except as noted under the heading "General Information-Description of Common Stock"), and (iii) only Class B shares have a conversion feature. The three classes also have separate exchange privileges. See "How to Exchange Your Shares" below. The income attributable to each class and the dividends payable on the shares of each class will be reduced by the amount of the distribution fee of each class. Class B and Class C shares bear the expenses of a higher distribution fee which will generally cause them to have higher expense ratios and to pay lower dividends than the Class A shares.

Financial advisers and other sales agents who sell shares of the Fund will receive different compensation for selling Class A, Class B and Class C shares and will generally receive more compensation initially for selling Class A and Class B shares than for selling Class C shares.

In selecting a purchase alternative, you should consider, among other things, (1) the length of time you expect to hold your investment, (2) the amount of any applicable sales charge (whether imposed at the time of purchase or redemption) and distribution-related fees, as noted above, (3) whether you qualify for any reduction or waiver of any applicable sales charge, (4) the various exchange privileges among the different classes of shares (see "How to Exchange Your Shares" below) and (5) the fact that Class B shares automatically convert to Class A shares approximately seven years after purchase (see "Conversion Feature-Class B Shares" below).

The following is provided to assist you in determining which method of purchase best suits your individual circumstances and is based on current fees and expenses being charged to the fund:

If you intend to hold your investment in the Fund for less than 7 years and do not qualify for a reduced sales charge on Class A shares,

since Class A shares are subject to an initial sales charge of [5.00%] and Class B shares are subject to a CDSC of 5% which declines to zero over a 6 year period, you should consider purchasing Class C shares over either Class A or Class B shares.

If you intend to hold your investment for 7 years or more and do not qualify for a reduced sales charge on Class A shares, since Class B shares convert to Class A shares approximately 7 years after purchase and because all of your money would be invested initially in the case of Class B shares, you should consider purchasing Class B shares over either Class A or Class C shares.

If you qualify for a reduced sales charge on Class A shares, it may be more advantageous for you to purchase Class A shares over either Class B or Class C shares regardless of how long you intend to hold your investment. However, unlike Class B and Class C shares, you would not have all of your money invested initially because the sales charge on Class A shares is deducted at the time of purchase.

[If you do not qualify for a reduced sales charge on Class A shares and you purchase Class B or Class C shares, you would have to hold your investment for more than [6 years in the case of Class B shares and Class C shares] for the higher cumulative annual distribution-related fee on those shares to exceed the initial sales charge plus cumulative annual distribution-related fees on Class A shares. This does not take into account the time value of money, which further reduces the impact of the higher Class B or Class C distribution-related fee on the investment, fluctuations in net asset value, the effect of the return on the investment over this period of time or redemptions during which the CDSC is applicable.]

All purchases of \$1 million or more, either as part of a single investment or [, except in the case of certain retirement plans,] under Rights Of Accumulation or Letters Of Intent, must be for Class A shares. See "Reduction and Waiver of Initial Sales Charges" below.

Class A Shares

The offering price of Class A shares for investors choosing the initial sales charge alternative is the next determined NAV plus a sales charge (expressed as a percentage of the offering price and of the amount invested) as shown in the following table:

Amount of Purchase	Sales Charge as Percentage of Offering Price	Sales Charge as Percentage of Amount Invested	Dealer Concession as Percentage of Offering Price
Less than \$25,000	5.00%	5.26%	4.75%
\$25,000 to \$49,999	4.50%	4.71%	4.25%
\$50,000 to \$99,999	4.00%	4.17%	3.75%
\$100,000 to \$249,999	3.25%	3.36%	3.00%
\$250,000 to \$499,999	2.50%	2.56%	2.40%
\$500,000 to \$999,999	2.00%	2.04%	1.90%
\$1,000,000 and above*	None	None	None

Selling dealers may be deemed to be underwriters, as that term is defined in the Securities Act.

Reduction and Waiver of Initial Sales Charges. Reduced sales charges are available through Rights of Accumulation and Letters Of Intent. Shares of the Fund and shares of other Prudential Mutual Funds (excluding money market funds other than those acquired pursuant to the exchange privilege) may be aggregated to determine the applicable reduction. See "Reduction and Waiver of Initial Sales Charges-Class A Shares" in the Statement of Additional Information.

Class A shares may be purchased at NAV, without payment of an initial sales charge, by pension, profit-sharing or other employee benefit plans qualified under Section 401 of the Internal Revenue Code and deferred compensation and annuity plans under Sections 457 and 403(b) (7) of the Internal Revenue Code (Benefit Plans), provided that the plan has existing assets of at least \$1 million invested in shares of Prudential Mutual Funds (excluding money market funds other than those acquired pursuant to the exchange privilege) or 1,000 eligible employees or members. In the case of Benefit Plans whose accounts are held directly with the Transfer Agent and for which the Transfer Agent does individual account record keeping (Direct Account Benefit Plans) and Benefit Plans sponsored by PSI or its subsidiaries (PSI or Subsidiary Prototype Benefit Plans), Class A shares

may be purchased at NAV by participants who are repaying loans made from such plans to the participant. Additional information concerning the reduction and waiver of initial sales charges is set forth in the Statement of Additional Information.

In addition, Class A shares may be purchased at NAV, through Prudential Securities or the Transfer Agent, by the following persons: (a) Directors and officers of the Fund and other Prudential Mutual Funds, (b) employees of Prudential Securities and PMF and their subsidiaries and members of the families of such persons who maintain an "employee related" account at Prudential Securities or the Transfer Agent, (c) employees and special agents of Prudential and its subsidiaries and all persons who have retired directly from active service with Prudential or one of its subsidiaries, (d) registered representatives and employees of dealers who have entered into a selected dealer agreement with Prudential Securities, provided that purchases at NAV are permitted by such person's employer and (e) investors who have a business relationship with a financial adviser who joined Prudential Securities from another investment firm, provided that (i) the purchase is made within 90 days of the commencement of the financial adviser's employment at Prudential Securities, (ii) the purchase is made with proceeds of a redemption of shares of any open-end, non-money market fund sponsored by the financial adviser's previous employer (other than a fund which imposes a distribution or service fee of .25 of 1% or less) on which no deferred sales load, fee or other charge was imposed on redemption and (iii) the financial adviser served as the client's broker on the previous purchases.

You must notify the Transfer Agent either directly or through Prudential Securities or Prusec that you are entitled to the reduction or waiver of the sales charge. The reduction or waiver will be granted subject to confirmation of your entitlement. No initial sales charges are imposed upon Class A shares purchased upon the reinvestment of dividends

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and distributions. See "Purchase and Redemption of Fund Shares-Reduction and Waiver of Initial Sales Charges-Class A Shares" in the Statement of Additional Information.

Class B and Class C Shares

The offering price of Class B and Class C shares for investors choosing one of the deferred sales charge alternatives is the NAV next determined following receipt of an order by the Transfer Agent or Prudential Securities. Although there is no sales charge imposed at the time of purchase, redemptions of Class B and Class C shares may be subject to a CDSC. See "How to Sell Your Shares-Contingent Deferred Sales Charges."

HOW TO SELL YOUR SHARES

You can redeem your shares at any time for cash at the NAV next determined after the redemption request is received in proper form by the Transfer Agent or Prudential Securities. See "How the Fund Values its Shares." In certain cases, however, redemption proceeds will be reduced by the amount of any applicable contingent deferred sales charge, as described below. See "Contingent Deferred Sales Charges" below.

If you hold shares of the Fund through Prudential Securities, you must redeem your shares by contacting your Prudential Securities financial adviser. If you hold shares in non-certificate form, a written request for redemption signed by you exactly as the account is registered is required. If you hold certificates, the certificates, signed in the name(s) shown on the face of the certificates, must be received by the Transfer Agent in order for the redemption request to be processed. If redemption is requested by a corporation, partnership, trust or fiduciary, written evidence of authority acceptable to the Transfer Agent must be submitted before such request will be accepted. All correspondence and documents concerning redemptions should be sent to the Fund in care of its Transfer Agent, Prudential Mutual Fund Services, Inc., Attention: Redemption Services, P.O. Box 15010, New Brunswick, New Jersey 08906-5010.

If the proceeds of the redemption (a) exceed \$50,000, (b) are to be paid to a person other than the record owner, (c) are to be sent to an address other than the address on the Transfer Agent's records or (d) are to be paid to a corporation, partnership, trust or fiduciary, the signature(s) on the redemption request and on the certificates, if any, or stock power must be guaranteed by an "eligible guarantor institution." An "eligible guarantor institution" includes any bank, broker, dealer or

credit union. The Transfer Agent reserves the right to request additional information from, and make reasonable inquiries of, any eligible guarantor institution. For clients of Prusec, a signature guarantee may be obtained from the agency or office manager of most Prudential Insurance and Financial Services or Prudential Preferred Financial Services offices.

Payment for shares presented for redemption will be made by check within seven days after receipt by the Transfer Agent of the certificate and/or written request except as indicated below. Such payment may be postponed or the right of redemption suspended at times (a) when the New York Stock Exchange is closed for other than customary weekends and holidays, (b) when trading on such Exchange is restricted, (c) when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or (d) during any other period when the SEC, by order, so permits; provided that applicable rules and regulations of the Commission shall govern as to whether the conditions described in (b), (c) or (d) exist.

Payment for redemption of recently purchased shares will be delayed until the Fund or its Transfer Agent has been advised that the purchase check has been honored, up to 10 calendar days from the time of receipt of the purchase check by the Transfer Agent. Such delay may be avoided by purchasing shares by wire or by certified or official bank checks.

Redemption in Kind. If the Board of Directors determines that it would be detrimental to the best interests of the remaining shareholders of the Fund to make payment wholly or partly in cash, the Fund may pay the redemption price in whole or in part by a distribution in kind of securities from the investment portfolio of the Fund, in lieu of cash, in conformity with applicable rules of the SEC. Securities will be readily marketable and will be valued in the same manner

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as in a regular redemption. See "How the Fund Values its Shares." If your shares are redeemed in kind, you would incur transaction costs in converting the assets into cash. The Fund, however, has elected to be governed by Rule 18f-1 under the Investment Company Act, under which the Fund is obligated to redeem shares solely in cash up to the lesser of \$250,000 or 1% of the net asset value of the Fund during any 90-day period for any one shareholder.

Involuntary Redemption. In order to reduce expenses of the Fund, the Board of Directors may redeem all of the shares of any shareholder, other than a shareholder which is an IRA or other tax-deferred retirement plan, whose account has a net asset value of less than \$500 due to a redemption. The Fund will give such shareholders 60 days' prior written notice in which to purchase sufficient additional shares to avoid such redemption. No contingent deferred sales charge will be imposed on any involuntary redemption.

30-day Repurchase Privilege. If you redeem your shares and have not previously exercised the repurchase privilege, you may reinvest any portion or all of the proceeds of such redemption in shares of the Fund at the NAV next determined after the order is received, which must be within 30 days after the date of the redemption. No sales charge will apply to such repurchases. You will receive pro rata credit for any contingent deferred sales charge paid in connection with the redemption of your shares. You must notify the Fund's Transfer Agent, either directly or through Prudential Securities or Prusec, at the time the repurchase privilege generally is exercised that you are entitled to credit for the contingent deferred sales charge previously paid. Exercise of the repurchase privilege will generally not affect federal income tax treatment of any gain realized upon redemption. If the redemption resulted in a loss, some or all of the loss, depending on the amount reinvested, will generally not be allowed for federal income tax purposes.

Contingent Deferred Sales Charges

Redemptions of Class B shares will be subject to a contingent deferred sales charge or CDSC declining from 5% to zero over a six-year period. Class C shares redeemed within one year of purchase will be subject to a 1% CDSC. The CDSC will be deducted from the redemption proceeds and reduce the amount paid to you. The CDSC will be imposed on any redemption by you which reduces the current value of your Class B or Class C shares to an amount which is lower than the amount of all payments by you for shares during the preceding six years, in the case of Class B shares, and one year, in the

case of Class C shares. A CDSC will be applied on the lesser of the original purchase price or the current value of the shares being redeemed. Increases in the value of your shares or shares purchased through reinvestment of dividends or distributions are not subject to a CDSC. The amount of any contingent deferred sales charge will be paid to and retained by the Distributor. See "How the Fund Is Managed-Distributor" and "Waiver of the Contingent Deferred Sales Charges" below.

The amount of the CDSC, if any, will vary depending on the number of years from the time of payment for the purchase of shares until the time of redemption of such shares. Solely for purposes of determining the number of years from the time of any payment for the purchase of shares, all payments during a month will be aggregated and deemed to have been made on the last day of the month.

The following table sets forth the rates of the CDSC applicable to redemptions of Class B shares:

Year Since Purchase Payment Made -----	Contingent Deferred Sales Charge as a Percentage of Dollars Invested or Redemption Proceeds -----
First	5.0%
Second	4.0%
Third	3.0%
Fourth	2.0%
Fifth	1.0%
Sixth	1.0%
Seventh	None

In determining whether a CDSC is applicable to a redemption, the calculation will be made in a manner that results in the lowest possible rate. It will be assumed that the redemption is made first of amounts representing shares acquired pursuant to the reinvestment of dividends and distributions; then of amounts representing the increase in the net asset value above the total amount of payments for the purchase of Fund shares made during the preceding six years (5 years for Class B shares purchased prior to January 22, 1990); then of amounts representing the cost of shares held beyond the applicable CDSC period; and finally, of amounts representing the cost of shares held for the longest period of time within the applicable CDSC period.

For example, assume you purchased 100 Class B shares at \$10 per share for a cost of \$1,000. Subsequently, you acquired 5 additional Class B shares through dividend reinvestment. During the second year after the purchase you decided to redeem \$500 of your investment. Assuming at the time of the redemption the net asset value had appreciated to \$12 per share, the value of your Class B shares would be \$1,260 (105 shares at \$12 per share). The CDSC would not be applied to the value of the reinvested dividend shares and to the amount which represents appreciation (\$260). Therefore, \$240 of the \$500 redemption proceeds (\$500 minus \$260) would be charged at a rate of 4% (the applicable rate in the second year after purchase) for a total CDSC of \$9.60.

For federal income tax purposes, the amount of the CDSC will reduce the gain or increase the loss, as the case may be, on the amount recognized on the redemption of shares.

Waiver of the Contingent Deferred Sales Charges--Class B Shares. The CDSC will be waived in the case of a redemption following the death or disability of a shareholder or, in the case of a trust account, following the death or disability of the grantor. The waiver is available for total or partial redemptions of shares owned by a person, either individually or in joint tenancy (with rights of survivorship), at the time of death or initial determination of disability, provided that the shares were purchased prior to death or disability.

The CDSC will also be waived in the case of a total or partial redemption in connection with certain distributions made without penalty under the Internal Revenue Code from a tax-deferred retirement plan, an IRA or Section 403(b) (7) custodial account. These distributions include a lump-sum or other distribution after retirement, or for an IRA or Section 403(b) (7) custodial account, after attaining age 59-1/2, a tax-free return

of an excess contribution or plan distributions following the death or disability of the shareholder (provided that the shares were purchased prior to death or disability). The waiver does not apply in the case of a tax-free rollover or transfer of assets, other than one following a separation from service. In the case of Direct Account and PSI or Subsidiary Prototype Benefit Plans, the CDSC will be waived on redemptions which represent borrowings from such plans. Shares purchased with amounts used to repay a loan from such plans on which a CDSC was not previously deducted will thereafter be subject to a CDSC without regard to the time such amounts were previously invested. In the case of a 401(k) plan, the CDSC will also be waived upon the redemption of shares purchased with amounts used to repay loans made from the account to the participant and from which a CDSC was previously deducted.

In addition, the CDSC will be waived on redemptions of shares held by the Directors of the Fund.

You must notify the Fund's Transfer Agent either directly or through Prudential Securities or Prusec, at the time of redemption, that you are entitled to waiver of the CDSC. The waiver will be granted subject to confirmation of your entitlement.

A quantity discount may apply to redemptions of Class B shares purchased prior to _____, 1994. See "Purchase and Redemption of Fund Shares-Quantity Discount-Class B Shares Purchased Prior to _____, 1994" in the Statement of Additional Information.

CONVERSION FEATURE-CLASS B SHARES

Class B shares will automatically convert to Class A shares on a quarterly basis approximately seven years after purchase. Conversions will occur during the month following each calendar quarter and will be effected at relative net

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asset value without the imposition of any additional sales charge. It is currently anticipated that conversions will occur on the first Friday of the month following each calendar quarter or, if not a business day, on the next Friday of the month.

Since the Fund tracks amounts paid rather than the number of shares bought on each purchase of Class B shares, the number of Class B shares eligible to convert to Class A shares (excluding shares acquired through the automatic reinvestment of dividends and other distributions) (the Eligible Shares) will be determined on each conversion date in accordance with the following formula: (i) the ratio of (a) the amounts paid for Class B shares purchased at least [seven] years prior to the conversion date to (b) the total amount paid for all Class B shares purchased and then held in your account (ii) multiplied by the total number of Class B shares then in your account. Each time any Eligible Shares in your account convert to Class A shares, all shares or amounts representing Class B shares then in your account that were acquired through the automatic reinvestment of dividends and other distributions will convert to Class A shares.

For purposes of determining the number of Eligible Shares, if the Class B shares in your account on any conversion date are the result of multiple purchases at different net asset values per share, the number of Eligible Shares calculated as described above will generally be either more or less than the number of shares actually purchased approximately [seven] years before such conversion date. For example, if 100 shares were initially purchased at \$10 per share (for a total of \$1,000) and a second purchase of 100 shares was subsequently made at \$11 per share (for a total of \$1,100), 95.24 shares would convert approximately [seven] years from the initial purchase (i.e., \$1,000 divided by \$2,100 (47.62%) multiplied by 200 shares equals 95.24 shares). The Manager reserves the right to modify the formula for determining the number of Eligible Shares in the future as it deems appropriate on notice to shareholders.

Since annual distribution-related fees are lower for Class A shares than for Class B shares, the per share net asset value of the Class A shares may be higher than that of the Class B shares at the time of conversion. Thus, although the aggregate dollar value will be the same, you may receive fewer Class A shares than Class B shares converted. See "How the Fund Values its Shares."

For purposes of calculating the applicable holding period for conversions, all payments for Class B shares during a month will be deemed to have been made on the last day of the month, or for Class B shares acquired through exchange, or a series of exchanges, on the last day of the month in which the original payment for purchases of such Class B shares

was made. For Class B shares previously exchanged for shares of a money market fund, the time period during which such shares were held in the money market fund will be excluded. For example, Class B shares held in a money market fund for one year will not convert to Class A shares until approximately eight years from purchase. For purposes of measuring the time period during which shares are held in a money market fund, exchanges will be deemed to have been made on the last day of the month. Class B shares acquired through exchange will convert to Class A shares after expiration of the conversion period applicable to the original purchase of such shares. It is currently anticipated that the first conversion of Class B shares will occur in or about January, 1995. At that time all amounts representing Class B shares then outstanding beyond the applicable conversion period will automatically convert to Class A shares together with all shares or amounts representing Class B shares acquired through the automatic reinvestment of dividends and distributions then held in your account.

The conversion feature may be subject to the continuing availability of opinions of counsel or rulings of the Internal Revenue Service that (i) the dividends and other distributions paid on Class A, Class B and Class C shares will not constitute "preferential dividends" under the Internal Revenue Code and (ii) the conversion of shares does not constitute a taxable event. The conversion of Class B shares into Class A shares may be suspended if such opinions or rulings are no longer available. If conversions are suspended, Class B shares of the Fund will continue to be subject, possibly indefinitely, to their higher annual distribution and service fee.

HOW TO EXCHANGE YOUR SHARES

As a shareholder of the Fund, you have an exchange privilege with certain other Prudential Mutual Funds, including one or more specified money market funds, subject to the minimum investment

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requirements of such funds. Class A, Class B and Class C shares of the Fund may be exchanged for Class A, Class B and Class C shares, respectively, of another fund on the basis of the relative NAV. Any applicable CDSC payable upon the redemption of shares exchanged will be calculated from the first day of the month after the initial purchase excluding the time shares were held in a money market fund. Class B and Class C shares may not be exchanged into money market funds other than Prudential Special Money Market Fund. For purposes of calculating the holding period applicable to the Class B conversion feature, the time period during which Class B shares were held in a money market fund will be excluded. See "Conversion Feature-Class B Shares" above. If your investment in shares of Prudential Mutual Funds (excluding money market funds other than those acquired pursuant to the exchange privilege) reaches \$1 million and you then hold Class B and/or Class C shares of the Fund which are free of CDSC, you will be so notified and offered the opportunity to exchange those shares for Class A shares of the Fund without the imposition of any sales charge. In the case of tax-exempt shareholders, if response is received within 60 days of the mailing of such notice, eligible Class B and/or Class C shares will be automatically exchanged for Class A shares. All other shareholders must affirmatively elect to have their eligible Class B and/or Class C shares exchanged for Class A shares. An exchange will be treated as a redemption and purchase for tax purposes. See "Shareholder Investment Account-Exchange Privilege" in the Statement of Additional Information.

In order to exchange shares by telephone, you must authorize telephone exchanges on your initial application form or by written notice to the Transfer Agent and hold shares in non-certificate form. Thereafter, you may call the Fund at (800) 225-1852 to execute a telephone exchange of shares, on weekdays, except holidays, between the hours of 8:00 A.M. and 6:00 P.M., New York time. For your protection and to prevent fraudulent exchanges, your telephone call will be recorded and you will be asked to provide your personal identification number. A written confirmation of the exchange transaction will be sent to you. Neither the Fund nor its agents will be liable for any loss, liability or cost which results from acting upon instructions reasonably believed to be genuine under the foregoing procedures. All exchanges will be made on the basis of the relative NAV of the two funds next determined after the request is received in good order. The Exchange Privilege is available only in states where the exchange may legally be made.

If you hold shares through Prudential Securities, you must exchange

your shares by contacting your Prudential Securities financial adviser.

If you hold certificates, the certificates, signed in the name(s) shown on the face of the certificates, must be returned in order for the shares to be exchanged. See "How to Sell Your Shares" above.

You may also exchange shares by mail by writing to Prudential Mutual Fund Services, Inc., Attention: Exchange Processing, P.O. Box 15010, New Brunswick, New Jersey 08906-5010.

In periods of severe market or economic conditions, the telephone exchange of shares may be difficult to implement and you should make exchanges by mail by writing to Prudential Mutual Fund Services, Inc., at the address noted above.

The Exchange Privilege may be modified or terminated at any time on 60 days' notice to shareholders.

SHAREHOLDER SERVICES

In addition to the Exchange Privilege as a shareholder in the Fund, you can take advantage of the following additional services and privileges:

*Automatic Reinvestment of Dividends and/or Distributions Without a Sales Charge. For your convenience, all dividends and distributions are automatically reinvested in full and fractional shares of the Fund at NAV without a sales charge. You may direct the Transfer Agent in writing not less than 5 full business days prior to the record date to have subsequent dividends and/or distributions sent in cash rather than reinvested. If you hold shares through Prudential Securities, you should contact your financial adviser.

*Automatic Savings Accumulation Plan (ASAP). Under ASAP you may make regular purchases of the Fund's shares in amounts as little as \$50 via an automatic debit to a bank account or Prudential Securities account (including a Command Account). For additional information about this service, you may contact your Prudential Securities financial adviser, Prusec registered representative or the Transfer Agent directly.

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*Tax-Deferred Retirement Plans. Various tax-deferred retirement plans, including a 401(k) plan, self-directed individual retirement accounts and "tax-sheltered accounts" under Section 403(b)(7) of the Internal Revenue Code, are available through the Distributor. These plans are for use by both self-employed individuals and corporate employers. These plans permit either self-direction of accounts by participants or a pooled account arrangement. Information regarding the establishment of these plans, the administration, custodial fees and other details is available from Prudential Securities or the Transfer Agent. If you are considering adopting such a plan, you should consult with your own legal or tax adviser with respect to the establishment and maintenance of such a plan.

*Systematic Withdrawal Plan. A systematic withdrawal plan is available to shareholders which provides for monthly or quarterly checks. Withdrawals of Class B and Class C shares may be subject to a CDSC. See "How to Sell Your Shares-Contingent Deferred Sales Charges."

*Reports to Shareholders. The Fund will send you annual and semi-annual reports. The financial statements appearing in annual reports are audited by independent accountants. In order to reduce duplicate mailing and printing expenses, the Fund will provide one annual and semi-annual shareholder report and annual prospectus per household. You may request additional copies of such reports by calling (800) 225-1852 or by writing to the Fund at One Seaport Plaza, New York, NY 10292. In addition, monthly unaudited financial data are available upon request from the Fund.

*Shareholder Inquiries. Inquiries should be addressed to the Fund at One Seaport Plaza, New York, New York 10292, or by telephone at (800) 225-1852 (toll-free) or, from outside the U.S.A., at (908) 417-7555 (collect).

For additional information regarding the services and privileges described above, see "Shareholder Investment Account" in the Statement of Additional Information.

THE PRUDENTIAL MUTUAL FUND FAMILY

Prudential Mutual Fund Management offers a broad range of mutual funds designed to meet your individual needs. We welcome you to review the investment options available through our family of funds. For more information on the Prudential Mutual Funds, including charges and expenses, contact your Prudential Securities financial adviser or Prusec registered representative or telephone the Fund at (800) 225-1852 for a free prospectus. Read the prospectus carefully before you invest or send money.

Taxable Bond Funds

Prudential Adjustable Rate Securities Fund, Inc.
 Prudential GNMA Fund, Inc.
 Prudential Government Income Fund, Inc.
 Prudential Government Securities Trust
 Intermediate Term Series
 Prudential High Yield Fund, Inc.
 Prudential Structured Maturity Fund
 Income Portfolio
 Prudential U.S. Government Fund
 The BlackRock Government Income Trust

Tax-Exempt Bond Funds

Prudential California Municipal Fund
 California Series
 California Income Series
 Prudential Municipal Bond Fund
 High Yield Series
 Insured Series
 Modified Term Series
 Prudential Municipal Series Fund
 Arizona Series
 Florida Series
 Georgia Series
 Maryland Series
 Massachusetts Series
 Michigan Series
 Minnesota Series
 New Jersey Series
 New York Series
 North Carolina Series
 Ohio Series
 Pennsylvania Series
 Prudential National Municipals Fund, Inc.

Global Funds

Prudential Global Fund, Inc.
 Prudential Global Genesis Fund, Inc.
 Prudential Global Natural Resources Fund, Inc.
 Prudential Intermediate Global Income Fund, Inc.
 Prudential Pacific Growth Fund, Inc.
 Prudential Short-Term Global Income Fund, Inc.
 Global Assets Portfolio
 Short-Term Global Income Portfolio
 Global Utility Fund, Inc.

Equity Funds

Prudential Allocation Fund
 Conservatively Managed Portfolio
 Strategy Portfolio
 Prudential Equity Fund, Inc.
 Prudential Equity Income Fund
 Prudential Growth Opportunity Fund, Inc.

Prudential IncomeVertible\AE Fund, Inc.
 Prudential Multi-Sector Fund, Inc.
 Prudential Strategist Fund, Inc.
 Prudential Utility Fund, Inc.
 Nicholas-Applegate Fund, Inc.
 Nicholas-Applegate Growth Equity Fund

Money Market Funds

* Taxable Money Market Funds
 Prudential Government Securities Trust
 Money Market Series
 U.S. Treasury Money Market Series
 Prudential Special Money Market Fund
 Money Market Series
 Prudential MoneyMart Assets

* Tax-Free Money Market Funds
 Prudential Tax-Free Money Fund
 Prudential California Municipal Fund
 California Money Market Series
 Prudential Municipal Series Fund
 Connecticut Money Market Series
 Massachusetts Money Market Series
 New Jersey Money Market Series
 New York Money Market Series

* Command Funds
 Command Money Fund
 Command Government Fund
 Command Tax-Free Fund

* Institutional Money Market Funds
 Prudential Institutional Liquidity Portfolio, Inc.
 Institutional Money Market Series

No dealer, sales representative or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained herein, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Fund or the Distributor. This Prospectus does not constitute an offer by the Fund or by the Distributor to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

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Class A: 743943 10 2
CUSIP Nos.: Class B: 743943 20 1
Class C:

Prudential
Strategist
Fund, Inc.

Prudential Mutual Funds (LOGO)
Building Your Future
On Our StrengthSM

PROSPECTUS

June , 1994

PRUDENTIAL STRATEGIST FUND, INC.
Statement of Additional Information
, 1994

Prudential Strategist Fund, Inc., formerly Prudential Growth Fund, Inc. (the Fund), is an open-end diversified management investment company. Its investment objective is to seek a high total return (capital appreciation plus dividend and interest income) consistent with reasonable risk. In seeking to achieve this objective, the Fund allocates assets among equity securities, fixed-income securities and cash based on an evaluation of current market and economic conditions by Greg A. Smith Asset Management Corporation, its Subadviser. Under normal market conditions, the Fund invests at least 50% of its total assets in equity securities that, in the view of the Subadviser, have the potential for long-term growth of capital. The Fund invests in common stocks, securities convertible into common stocks, non-convertible preferred stocks and debt securities of U.S. and non-U.S. issuers. The Fund may also purchase and sell options on debt and equity securities, on financial indices and foreign currencies, and financial futures and options thereon. See "Investment Objective and Policies."

The Fund's address is One Seaport Plaza, New York, New York 10292, and its telephone number is (800) 225-1852.

This Statement of Additional Information is not a prospectus and should be read in conjunction with the Fund's Prospectus, dated , 1994, a copy of which may be obtained from the Fund at One Seaport Plaza, New York, New York 10292.

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GENERAL INFORMATION AND HISTORY

The Fund was incorporated in Maryland on March 21, 1983 under the name Prudential-Bache Research Fund, Inc. On October 24, 1991, at a special meeting of shareholders, shareholders approved a change in the name of the Fund to Prudential Growth Fund, Inc. At a special meeting held on June 23, 1994, shareholders approved an amendment to the Fund's Articles of Incorporation to change the Fund's name from Prudential Growth Fund, Inc. to Prudential Strategist Fund, Inc.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to seek a high total return (capital appreciation plus dividend and interest income) consistent with reasonable risk. See "How the Fund Invests-Investment Objective and Policies" in the Prospectus.

Foreign Government Securities

Foreign government securities in which the Fund may invest include debt securities issued or guaranteed as to payment of principal and interest by governments, quasi-governmental entities, government agencies, supranational entities and other governmental entities (collectively, Government Entities) of the countries specified below and denominated in the currencies of such countries or in U.S. dollars, including debt securities of a Government Entity in any such country denominated in the currency of another such country.

North America -----	Pacific -----	Europe -----
Canada	Australia Hong Kong Japan New Zealand Singapore	Austria Belgium Denmark Finland France Germany Ireland Italy The Netherlands Norway Portugal Spain Sweden Switzerland United Kingdom

A supranational entity is an entity constituted by the national governments of several countries to promote economic development, such as the World Bank (International Bank for Reconstruction and Development), the European Investment Bank and the Asian Development Bank. Debt securities of quasi-governmental entities are issued by entities owned by either a national, state or equivalent government or are obligations of a political unit that is not backed by the national government's full faith and credit and general taxing powers. These include, among others, the Province of Ontario and the City of Stockholm. Foreign government securities also include debt securities denominated in European Currency Units of an issuer in one of the foregoing countries (including supranational issuers). A European Currency Unit represents specified amounts of the currencies of certain of the twelve member states of the European Community.

The Fund will invest in foreign government securities rated "A" or better by Standard & Poor's Corporation (S&P) or Moody's Investors Service (Moody's) or in non-rated securities which, in the opinion of the

Subadviser, are of comparable quality. The Fund will invest only in foreign currency denominated government debt securities that are freely convertible into U.S. dollars without legal restriction at the time of purchase.

Investment in foreign government securities involves additional risks and considerations not typically associated with investing in U.S. Government securities and domestic issuers. See "How the Fund Invests-Investment Objectives and Policies-Foreign Investments" in the Prospectus.

Corporate Obligations

The Fund does not intend to have more than 5% of its net assets invested in either asset-backed securities, collateralized mortgage obligations or real estate mortgage investment conduits.

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Asset-Backed Securities. Through the use of trusts and special purpose subsidiaries, various types of assets, primarily automobile and credit card receivables, are being securitized in pass-through structures similar to mortgage pass-through structures or in a pay-through structure similar to the collateralized mortgage structure. The Fund may invest in these and other types of asset-backed securities which may be developed in the future. Asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, these securities do not have the benefit of the same security interest in the related collateral. Credit card receivables are generally unsecured. In connection with automobile receivables, the security interests in the underlying automobiles are often not transferred when the pool is created, with the resulting possibility that the collateral could be resold. In general, these types of loans are of shorter duration than mortgage loans and are less likely to have substantial prepayments.

Collateralized Mortgage Obligations (CMOs) and Real Estate Mortgage Investment Conduits (REMICs). A CMO is a debt security that is backed by a portfolio of mortgages or mortgage-backed securities. The issuer's obligation to make interest and principal payments is secured by the underlying portfolio of mortgages or mortgage-backed securities. CMOs generally are partitioned into several classes with a ranked priority as to the time that principal payments will be made with respect to each of the classes. The Fund may invest only in privately-issued CMOs that are collateralized by mortgage-backed securities issued or guaranteed by GNMA, FHLMC or FNMA and in CMOs issued by FHLMC.

The Fund may also invest in REMICs. An issuer of REMICs may be a trust, partnership, corporation, association, or a segregated pool of mortgages, or may be an agency of the U.S. Government and, in each case, must qualify and elect treatment as such under the Tax Reform Act of 1986. A REMIC must consist of one or more classes of "regular interests," some of which may be adjustable rate, and a single class of "residual interests." To qualify as a REMIC, substantially all the assets of the entity must be in assets directly or indirectly secured, principally by real property. The Fund does not intend to invest in residual interests. REMICs are intended by the U.S. Congress ultimately to become the exclusive vehicle for the issuance of multi-class securities backed by real estate mortgages. Beginning January 1, 1992, if a trust or partnership that issues CMOs does not elect or qualify for REMIC status, it will be taxed at the entity level as a corporation.

Money Market Instruments

The Fund may invest in high quality money market instruments, including:

1. Obligations denominated in U.S. dollars (including certificates of deposit and banker's acceptances) of (a) banks organized under the laws of the United States or any state thereof (including foreign branches of such banks) or (b) U.S. branches of foreign banks or (c) foreign banks and foreign branches thereof; provided that such banks have, at the time of acquisition by the Fund of such obligations, total assets of not less than \$1 billion or its equivalent. The term "certificates of deposit" includes both Eurodollar certificates of deposit, for which there is generally a market, and Eurodollar time deposits, for which there is generally not a market. "Eurodollars" are U.S. dollars deposited in banks outside the United States.

2. Commercial paper, variable amount demand master notes, bills, notes and other obligations issued by a U.S. company, a foreign company or a foreign government, its agencies, instrumentalities or political subdivisions, maturing in one year or less, denominated in U.S. dollars,

and, at the date of investment, rated at least "A-2" by S&P or "Prime-2" by Moody's, or, if not rated, issued by an entity having an outstanding unsecured debt issue rated at least "A" or "A-2" by S&P or "A" or "Prime-2" by Moody's. If such obligations are guaranteed or supported by a letter of credit issued by a bank, the bank (including a foreign bank) must meet the requirements set forth in paragraph 1 above. If such obligations are guaranteed or insured by an insurance company or other non-bank entity, the insurance company or other non-bank entity must represent a credit of high quality, as determined by the Fund's Subadviser, under the supervision of the Board of Directors.

Lending of Portfolio Securities

The Fund may lend portfolio securities to brokers or dealers in corporate or government securities, banks or other recognized institutional borrowers of securities provided that cash or equivalent collateral or a letter of credit in favor of the Fund in an amount equal to at least 100% of the market value of the securities loaned is continuously maintained by the borrower with the Fund. During the time portfolio securities are on loan, the borrower pays the Fund an amount equivalent to any dividend or interest paid on such securities and the Fund may invest the cash collateral and earn additional income, or it may receive an agreed-upon amount of interest income from the borrower. As a matter of fundamental policy, the Fund may not lend more than 10% of the value of its total assets. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker. The Fund does not have the right to vote securities on loan, but would terminate the loan and regain the right to vote if that were considered important with respect to the investment.

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Repurchase Agreements

The Fund's repurchase agreements will be collateralized by U.S. Government obligations. The Fund will enter into repurchase transactions only with parties meeting creditworthiness standards approved by the Fund's Board of Directors. The Fund's Subadviser will monitor the creditworthiness of such parties, under the general supervision of the Board of Directors. In the event of a default or bankruptcy by a seller, the Fund will promptly seek to liquidate the collateral. To the extent that the proceeds from any sale of such collateral upon a default in the obligation to repurchase are less than the repurchase price, the Fund will suffer a loss.

Options on Securities

The Fund may purchase put and call options and write covered put and call options on equity and debt securities. These may include options traded on national securities exchanges and options traded in the over-the-counter market (OTC options). Currently, many options on equity securities are exchange-traded, whereas options on debt securities are primarily traded on the over-the-counter market.

When the Fund writes an option, it receives a premium which it retains whether or not the option is exercised. The Fund's principal objective in writing options is to realize, through the receipt of premiums, a greater return than would be realized on the underlying securities alone.

The purchaser of a call option has the right, for a specified period of time, to purchase the securities subject to the option at a specified price (the exercise price or strike price). By writing a call option, the Fund becomes obligated during the term of the option, upon exercise of the option, to sell, depending upon the terms of the option contract, the underlying securities or a specified amount of cash to the purchaser against receipt of the exercise price. When the Fund writes a call option, the Fund loses the potential for a gain by disposing of the underlying securities at an amount in excess of the exercise price of the option during the period that the option is open.

Conversely, the purchaser of a put option has the right, for a specified period of time, to sell the securities subject to the option to the writer of the put at the specified exercise price. By writing a put option, the Fund becomes obligated during the term of the option, upon exercise of the option, to purchase the securities underlying the option at the exercise price. The Fund might, therefore, be obligated to purchase the underlying securities for more than their current market price.

The Fund may write only "covered" options. This means that so long as the Fund is obligated as the writer of a call option, it will own the

underlying securities subject to the option or an option to purchase the same underlying securities, having an exercise price equal to or less than the exercise price of the "covered" option, or will establish and maintain with its Custodian for the term of the option a segregated account consisting of cash, U.S. Government securities or other liquid high-grade debt obligations having a value at least equal to the fluctuating market value of the optioned securities. A put option written by the Fund will be considered "covered" if, so long as the Fund is obligated as the writer of the option, it owns an option to sell the underlying securities subject to the option having an exercise price equal to or greater than the exercise price of the "covered" option, or it deposits and maintains with its Custodian in a segregated account cash, U.S. Government securities or other liquid high-grade debt obligations having a value equal to or greater than the exercise price of the option.

The Fund may write both American style options and European style options. An American style option is an option which may be exercised by the holder at any time prior to its expiration. A European style option, however, may only be exercised as of the expiration of the option. The writer of an American style option has no control over when the underlying securities must be sold, in the case of a call option, or purchased, in the case of a put option, since such options may be exercised by the holder at any time prior to the expiration of the option. Whether or not an option expires unexercised, the writer retains the amount of the premium. This amount may be offset or exceeded, in the case of a covered call option, by a decline and, in the case of a covered put option, by an increase in the market value of the underlying security during the option period. If a call option is exercised, the writer must fulfill the obligation to sell the underlying security at the exercise price, which will usually be lower than the then market value of the underlying security. If a put option is exercised, the writer must fulfill the obligation to purchase the underlying security at the exercise price, which will usually exceed the then market value of the underlying security.

The writer of an exchange-traded option that wishes to terminate its obligation may effect a "closing purchase transaction." This is accomplished by buying an option of the same series as the option previously written. (Options of the same series are options with respect to the same underlying security, having the same expiration date and the same strike price). The effect of the purchase is that the writer's position will be canceled by the exchange's affiliated clearing organization. However, the writer of an option may not effect a closing purchase transaction after being notified of the exercise of the option. Likewise, an investor who is the holder of an option may liquidate a position by effecting a "closing sale transaction." This is accomplished by selling an option

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of the same series as the option previously purchased. There is no guarantee that either a closing purchase or a closing sale transaction can be effected.

An exchange-traded option position may be closed out only where there exists a secondary market for an option of the same series. If a secondary market does not exist, it might not be possible to effect closing transactions in a particular option the Fund has purchased with the result that the Fund would have to exercise the option in order to realize any profit. If the Fund is unable to effect a closing purchase transaction in a secondary market in an option the Fund has written, it will not be able to sell the underlying security until the option expires or it delivers the underlying security upon exercise or it otherwise covers its position. Reasons for the absence of a liquid secondary market include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by a securities exchange (Exchange) on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options or underlying securities; (iv) unusual or unforeseen circumstances may interrupt normal operations on an Exchange; (v) the facilities of an Exchange or clearing organization may not at all times be adequate to handle current trading volume; or (vi) one or more Exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue trading of options (or a particular class or series of options), in which event the secondary market on that Exchange (or in that class or series of options) would cease to exist, although outstanding options would continue to be exercisable in accordance with their terms.

Exchange-traded options in the United States are issued by clearing organizations affiliated with the Exchange on which the option is listed which, in effect, gives its guarantee to every exchange-traded option

transaction. In contrast, over-the-counter (OTC) options are contracts between the Fund and its counterparty with no clearing organization guarantee. Thus when the Fund purchases an OTC option, it relies on the dealer from which it has purchased the OTC option to make or take delivery of the securities underlying the option. Failure by the dealer to do so would result in the loss of the premium paid by the Fund as well as the loss of the expected benefit of the transaction. The Board of Directors will evaluate the creditworthiness of any dealer from which the Fund proposes to purchase options.

Exchange-traded options generally have a continuous liquid market while OTC options may not. Consequently, the Fund will generally be able to realize the value of an OTC option it has purchased only by exercising it or reselling it to the dealer who issued it. Similarly, when the Fund writes an OTC option, it generally will be able to close out the OTC option prior to its expiration only by entering into a closing purchase transaction with the dealer to which the Fund originally wrote the OTC option. While the Fund will enter into OTC options only with dealers which agree to, and which are expected to be capable of, entering into closing transactions with the Fund, there can be no assurance that the Fund will be able to liquidate an OTC option at a favorable price at any time prior to expiration. Until the Fund is able to effect a closing purchase transaction in a covered OTC call option the Fund has written, it will not be able to liquidate securities used as cover until the option expires or is exercised or different cover is substituted. In the event of insolvency of the counterparty, the Fund may be unable to liquidate an OTC option. With respect to options written by the Fund, inability to enter into a closing purchase transaction may result in material losses to the Fund. For example, since the Fund must maintain a covered position with respect to any call option on a security it writes, the Fund may be limited in its ability to sell the underlying security while the option is outstanding. This may impair the Fund's ability to sell a portfolio security at a time when such a sale might be advantageous.

The Fund may write options in connection with buy-and-write transactions; that is, the Fund may purchase a security and concurrently write a call option against that security. The exercise price of the call the Fund determines to write will depend upon the expected price movement of the underlying security. The exercise price of a call option may be below (in-the-money), equal to (at-the-money) or above (out-of-the-money) the current value of the underlying security at the time the option is written. Buy-and-write transactions using in-the-money call options may be used when it is expected that the price of the underlying security will remain flat or decline moderately during the option period. Buy-and-write transactions using at-the-money call options may be used when it is expected that the price of the underlying security will remain fixed or advance moderately during the option period. A buy-and-write transaction using an out-of-the-money call option may be used when it is expected that the premium received from writing the call option plus the appreciation in the market price of the underlying security up to the exercise price will be greater than the appreciation in the price of the underlying security alone. If the call option is exercised in such a transaction, the Fund's maximum gain will be the premium received by it for writing the option, adjusted upwards or downwards by the difference between the Fund's purchase price of the security and the exercise price of the option. If the option is not exercised and the price of the underlying security declines, the amount of such decline will be offset in part, or entirely, by the premium received.

The writing of covered put options is similar in terms of risk/return characteristics to buy-and-write transactions. If the market price of the underlying security rises or otherwise is above the exercise price, the put option will expire worthless and the Fund's gain will be limited to the premium received. If the market price of the underlying security declines or otherwise is below the exercise price, the Fund may elect to close out the position or take delivery of the underlying security at the exercise price. In that case, the Fund's return will be the premium received from writing the put option minus the amount by which the market price of the

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security is below the exercise price. Out-of-the-money, at-the-money and in-the-money covered put options may be written by the Fund in the same market environments in which call options are written in equivalent buy-and-write transactions.

The Fund may purchase a call option on a security it intends to acquire in order to hedge against (and thereby benefit from) an anticipated market appreciation in the price of the underlying security at limited risk and with a limited cash outlay. If the market price does rise as anticipated, the Fund will benefit from that rise but only to the extent that the rise

exceeds the premium paid. If the anticipated rise does not occur or if it does not exceed the premium, the Fund will bear the expense of the option premium without gaining an offsetting benefit.

The Fund may purchase put options on securities to hedge against a decline in the value of its portfolio. If the market price of the Fund's portfolio should increase, however, the profit which the Fund might otherwise have realized will be reduced by the amount of the premium paid for the put option and by transaction costs. The Fund may purchase call options on securities to hedge against an anticipated rise in the price it will have to pay for securities it intends to buy in the future. If the market price of the securities should fall instead of rise, however, the benefit the Fund obtains from purchasing the securities at a lower price will be reduced by the amount of the premium paid for the call options and by transaction costs.

The Fund may purchase put options if the Fund believes that a defensive posture is warranted for all or a portion of its portfolio. Protection is provided during the life of the put because the put gives the Fund the right to sell the underlying security at the put exercise price, regardless of a decline in the underlying security's market price below the exercise price. This right limits the Fund's losses from the security's possible decline in value below the strike price of the option to the premium paid for the put option and related transaction costs.

The Fund may wish to protect certain portfolio securities against a decline in market value at a time when put options on those particular securities are not available for purchase. The Fund may therefore purchase a put option on other carefully selected securities, the values of which historically have a high degree of positive correlation to the values of such portfolio securities. If the Subadviser's judgement is correct, changes in the value of the put options should generally offset changes in the value of the portfolio securities being hedged. But the correlation between the two values may not be as close in these transactions as in transactions in which the Fund purchases a put option on an underlying security it owns. If the Subadviser's judgement is not correct, the value of the securities underlying the put option may decrease less than the value of the Fund's portfolio securities and therefore the put option may not provide complete protection against a decline in the value of the Fund's portfolio securities below the level sought to be protected by the put option.

The Fund may similarly wish to hedge against appreciation in the value of securities that it intends to acquire at a time when call options on such securities are not available. The Fund may, therefore, purchase call options on other carefully selected securities, the values of which historically have a high degree of positive correlation to values of securities that the Fund intends to acquire. In such circumstances the Fund will be subject to risks analogous to those summarized immediately above in the event that the correlation between the value of call options so purchased and the value of the securities intended to be acquired by the Fund is not as close as anticipated and the value of the securities underlying the call options increases less than the value of the securities to be acquired by the Fund.

Options on Stock Indices

Options on stock indices are similar to options on stock except that, rather than the right to take or make delivery of stock at a specified price, an option on a stock index gives the holder the right to receive, upon exercise of the option, an amount of cash if the closing level of the stock index upon which the option is based is greater than, in the case of a call, or less than, in the case of a put, the exercise price of the option. This amount of cash is equal to such difference between the closing price of the index and the exercise price of the option expressed in dollars times a specified multiple (the multiplier). The writer of the option is obligated, in return for the premium received, to make delivery of this amount. Unlike stock options, all settlements are in cash.

The multiplier for an index option performs a function similar to the unit of trading for a stock option. It determines the total dollar value per contract of each point in the difference between the exercise price of an option and the current level of the underlying index. A multiplier of 100 means that a one-point difference will yield \$100. Options on different indices may have different multipliers.

Except as described below, the Fund will write call options on indices only if on such date it holds a portfolio of securities at least equal to the value of the index times the multiplier times the number of contracts. When the Fund writes a call option on a broadly-based stock market index, the Fund will segregate or put into escrow with its Custodian, or pledge to a broker as collateral for the option, cash, cash equivalents or at least one "qualified security" with a market value at the time the option is written of not less than 100% of the current index value times the multiplier times the number of contracts. The Fund will write call options

on broadly-based stock market indices only if at the time of writing it holds a diversified portfolio of stocks.

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If the Fund has written an option on an industry or market segment index, it will so segregate or put into escrow with its Custodian, or pledge to a broker as collateral for the option, at least ten "qualified securities," which are stocks of an issuer in such industry or market segment, with a market value at the time the option is written of not less than 100% of the current index value times the multiplier times the number of contracts. Such stocks will include stocks which represent at least 50% of the weighting of the industry or market segment index and will represent at least 50% of the Fund's holdings in that industry or market segment. No individual security will represent more than 15% of the amount so segregated, pledged or escrowed in the case of broadly-based stock market index options or 25% of such amount in the case of industry or market segment index options.

If at the close of business on any day the market value of such qualified securities so segregated, escrowed or pledged falls below 100% of the current index value times the multiplier times the number of contracts, the Fund will segregate, escrow or pledge an amount in cash, Treasury bills or other high-grade short-term debt obligations equal in value to the difference. In addition, when the Fund writes a call on an index which is in-the-money at the time the call is written, the Fund will segregate with its Custodian or pledge to the broker as collateral cash, U.S. Government or other high-grade short-term debt obligations equal in value to the amount by which the call is in-the-money times the multiplier times the number of contracts. Any amount segregated pursuant to the foregoing sentence may be applied to the Fund's obligation to segregate additional amounts in the event that the market value of the qualified securities falls below 100% of the current index value times the multiplier times the number of contracts. A "qualified security" is an equity security which is listed on a national securities exchange or quoted on NASDAQ against which the Fund has not written a stock call option and which has not been hedged by the Fund by the sale of stock index futures. However, if the Fund holds a call on the same index as the call written where the exercise price of the call held is equal to or less than the exercise price of the call written or greater than the exercise price of the call written if the difference is maintained by the Fund in cash, Treasury bills or other high-grade short-term debt obligations in a segregated account with its Custodian, it will not be subject to the requirements described in this paragraph.

Risks of Options on Stock Indices. Index prices may be distorted if trading of certain securities included in the index is interrupted. Trading in the index options also may be interrupted in certain circumstances, such as if trading were halted in a substantial number of securities included in the index. If this occurred, the Fund would not be able to close out options which it had purchased or written and, if restrictions on exercise were imposed, may be unable to exercise an option it holds, which could result in substantial losses to the Fund. It is the Fund's policy to purchase or write options only on indices which include a number of securities sufficient to minimize the likelihood of a trading halt in the index.

Special Risks of Writing Calls on Stock Indices. Unless the Fund has other liquid assets which are sufficient to satisfy the exercise of a call, the Fund would be required to liquidate portfolio securities in order to satisfy the exercise. Because an exercise must be settled within hours after receiving the notice of exercise, if the Fund fails to anticipate an exercise, it may have to borrow from a bank (in amounts not exceeding 20% of the value of the Fund's total assets) pending settlement of the sale of securities in its portfolio and would incur interest charges thereon.

When the Fund has written a call, there is also a risk that the market may decline between the time the Fund has a call exercised against it, at a price which is fixed as of the closing level of the index on the date of exercise, and the time the Fund is able to sell securities in its portfolio. As with stock options, the Fund will not learn that an index option has been exercised until the day following the exercise date but, unlike a call on stock where the Fund would be able to deliver the underlying securities in settlement, the Fund may have to sell part of its portfolio in order to make settlement in cash, and the price of such securities might decline before they can be sold. This timing risk makes certain strategies involving more than one option substantially more risky with index options than with stock options. For example, even if an index call which the Fund has written is "covered" by an index call held by the Fund with the same strike price, the Fund will bear the risk that the level of the index may decline between the close of trading on the date the

exercise notice is filed with the clearing corporation and the close of trading on the date the Fund exercises the call it holds or the time the Fund sells the call, which in either case would occur no earlier than the day following the day the exercise notice was filed.

Futures Contracts

The Fund will enter into futures contracts only for certain bona fide hedging, yield enhancement and risk management purposes. The Fund may enter into futures contracts for the purchase or sale of equity and debt securities, aggregates of debt securities or indices of prices thereof, aggregates of equity securities or indices of prices thereof, and other financial indices. It may also enter into futures contracts for the purchase or sale of foreign currencies (such as the Japanese Yen, the British Pound and the Deutsche Mark) or composite foreign currencies (such as the European Currency Unit) in which securities held or to be acquired by the Fund are denominated, or the value of which have a high degree of positive correlation to the value of such currencies as to constitute an appropriate vehicle for hedging. The Fund may enter into such futures contracts on U.S. exchanges.

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A "sale" of a futures contract (or a "short" futures position) means the assumption of a contractual obligation to deliver the securities or currency underlying the contract at a specified price at a specified future time. A "purchase" of a futures contract (or a "long" futures position) means the assumption of a contractual obligation to acquire the securities or currency underlying the contract at a specified price at a specified future time. Certain futures contracts are settled on a net cash payment basis rather than by the sale and delivery of the securities or currency underlying the futures contracts. U.S. futures contracts have been designed by exchanges that have been designated as "contract markets" by the Commodity Futures Trading Commission (the CFTC), an agency of the U.S. Government, and must be executed through a futures commission merchant (i.e., a brokerage firm) which is a member of the relevant contract market. Futures contracts trade on these contract markets and the exchange's affiliated clearing organization guarantees performance of the contracts as between the clearing members of the exchange.

At the time a futures contract is purchased or sold, the Fund must allocate cash or securities as a deposit payment (initial margin). It is expected that the initial margin on U.S. exchanges will vary from 3 to 15% of the value of the securities or the commodities underlying the contract. Under certain circumstances, however, such as periods of high volatility, the Fund may be required by an exchange to increase the level of its initial margin payment. Thereafter, the futures contract is valued daily and the payment in cash of "variation margin" may be required, a process known as "mark to market." Each day the Fund is required to provide or is entitled to receive variation margin in an amount equal to any decline (in the case of a long futures position) or increase (in the case of a short futures position) in the contract's value since the preceding day.

Although futures contracts by their terms may call for the actual delivery or acquisition of underlying securities or currency, in most cases the contractual obligation is extinguished or offset before the expiration of the contract without having to make or take delivery of the securities or currency. The offsetting of a contractual obligation is accomplished by buying (to offset an earlier sale) or selling (to offset an earlier purchase) an identical futures contract calling for delivery in the same month. Such a transaction cancels the obligation to make or take delivery of the underlying securities or currency. In all transactions on a U.S. futures exchange the Fund will incur brokerage fees and related transaction costs when it purchases or sells futures contracts.

The ordinary spreads between values in the cash and futures markets, due to differences in the character of those markets, are subject to distortions. First, all participants in the futures market are subject to initial and variation margin requirements. Rather than meeting additional variation requirements, investors may close futures contracts through offsetting transactions which could distort the normal relationships between the cash and futures markets. Second, the liquidity of the futures market depends on participants entering into offsetting transactions rather than making or taking delivery. To the extent participants decide to make or take delivery, liquidity in the futures market could be reduced, thus producing price distortions. Third, from the point of view of speculators, the margin deposit requirements in the futures market are less onerous than margin requirements in the securities market. Increased participation by speculators in the futures market may cause temporary price distortions. Due to the possibility of distortion, a correct forecast of general interest rate trends by the Subadviser may still not result in a successful

transaction.

In addition, futures contracts entail risks. Although the Fund believes that use of such contracts will benefit the Fund, if the Subadviser's judgement about the general direction of interest rates is incorrect, the Fund's overall performances would be poorer than if it had not entered into any such contracts. For example, if the Fund has hedged against the possibility of an increase in interest rates which would adversely affect the price of debt securities held in its portfolio and interest rates decrease instead, the Fund will lose part or all of the benefit of the increased value of its assets which it has hedged because it will have offsetting losses in its futures positions. In addition, particularly in such situations, if the Fund has insufficient cash, it may have to sell assets from its portfolio to meet daily variation margin requirements. Any such sale of assets may, but will not necessarily, be at increased prices which reflect the rising market. Consequently, the Fund may have to sell assets at a time when it may be disadvantageous to do so.

If the Fund seeks to hedge against a decline in the value of its portfolio securities, and sells futures contracts for that purpose on other securities which historically have had a high degree of positive correlation to the value of the portfolio securities, the value of its portfolio securities might decline more rapidly than the value of a poorly correlated futures contract rises. In that case, the hedge will be less effective than if the correlation had been greater. In a similar but more extreme situation, the value of the futures position might in fact decline while the value of portfolio securities holds steady or rises. This would result in a loss that would not have occurred but for the attempt to hedge.

Options on Futures Contracts

The Fund will also enter into options on futures contracts for certain bona fide hedging, yield enhancement and risk management purposes. The Fund may purchase put and call options and write (i.e., sell) "covered" put and call options on futures contracts that are traded on U.S. futures exchanges. An option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract (a long position if the option is a call and a short position if the option is a

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put) at a specified exercise price at any time during the option exercise period. The writer of the option is required upon exercise to assume a short futures position (if the option is a call) or a long futures position (if the option is a put). Upon exercise of the option, the assumption of offsetting futures positions by the writer and holder of the option will be accompanied by delivery of the accumulated cash balance in the writer's futures margin account which represents the amount by which the market price of the futures contract at exercise exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract.

The Fund will be considered "covered" with respect to a call option it writes on a futures contract if the Fund owns the securities or currency which is deliverable under the futures contract or an option to purchase that futures contract having a strike price equal to or less than the strike price of the "covered" option and having an expiration date not earlier than the expiration date of the "covered" option, or it segregates and maintains with its Custodian for the term of the option cash, U.S. Government securities or other liquid high-grade debt obligations equal to the fluctuating value of the optioned futures. The Fund will be considered "covered" with respect to a put option it writes on a futures contract if it owns an option to sell that futures contract having a strike price equal to or greater than the strike price of the "covered" option and having an expiration date not earlier than the expiration date of the "covered" option, or if it segregates and maintains with its Custodian for the term of the option cash, U.S. Government securities or liquid high-grade debt obligations at all times equal in value to the exercise price of the put (less any initial margin deposited by the Fund with its Custodian with respect to such put option). There is no limitation on the amount of the Fund's assets which can be placed in the segregated account.

Writing a put option on a futures contract serves as a partial hedge against an increase in the value of securities the Fund intends to acquire. If the futures price at expiration of the option is above the exercise price, the Fund will retain the full amount of the option premium which provides a partial hedge against any increase that may have occurred in the price of the securities the Fund intends to acquire. If the market price of the underlying futures contract when the option is exercised is below the exercise price, however, the Fund will incur a loss, which may be wholly

or partially offset by the decrease in the value of the securities the Fund intends to acquire.

Writing a call option on a futures contract serves as a partial hedge against a decrease in the value of the Fund's portfolio securities. If the market price of the underlying futures contract at expiration of a written call option is below the exercise price, the Fund will retain the full amount of the option premium, thereby partially hedging against any decline that may have occurred in the Fund's holdings of debt securities. If the futures price when the option is exercised is above the exercise price, however, the Fund will incur a loss, which may be wholly or partially offset by the increase of the value of the securities in the Fund's portfolio which were being hedged.

The Fund will purchase put options on futures contracts to hedge its portfolio against the risk of a decline in the value of the debt securities it owns as a result of rising interest rates or fluctuating currency exchange rates. The Fund will also purchase call options on futures contracts as a hedge against an increase in the value of securities the Fund intends to acquire as a result of declining interest rates or fluctuating currency exchange rates.

Interest Rate Futures Contracts and Options Thereon

The Fund will purchase or sell interest rate futures contracts to take advantage of or to protect the Fund against fluctuations in interest rates affecting the value of debt securities which the Fund holds or intends to acquire. For example, if interest rates are expected to increase, the Fund might sell futures contracts on debt securities, the values of which historically have a high degree of positive correlation to the values of the Fund's portfolio securities. Such a sale would have an effect similar to selling an equivalent value of the Fund's portfolio securities. If interest rates increase, the value of the Fund's portfolio securities will decline, but the value of the futures contracts to the Fund will increase at approximately an equivalent rate, thereby keeping the net asset value of the Fund from declining as much as it otherwise would have. The Fund could accomplish similar results by selling debt securities with longer maturities and investing in debt securities with shorter maturities when interest rates are expected to increase. However, since the futures market may be more liquid than the cash market, the use of futures contracts as a risk management technique allows the Fund to maintain a defensive position without having to sell its portfolio securities.

Similarly, the Fund may purchase interest rate futures contracts when it is expected that interest rates may decline. The purchase of futures contracts for this purpose constitutes a hedge against increases in the price of debt securities (caused by declining interest rates) which the Fund intends to acquire. Since fluctuations in the value of appropriately selected futures contracts should approximate that of the debt securities that will be purchased, the Fund can take advantage of the anticipated rise in the cost of the debt securities without actually buying them. Subsequently, the Fund can make the intended purchase of the debt securities in the cash market and currently liquidate its futures position. To the extent the Fund enters into futures contracts for this purpose, it will maintain in a segregated asset account with the Fund's Custodian assets sufficient to cover the Fund's obligations with respect to such futures contracts, which will consist of cash, U.S. Government securities or other liquid, high-

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grade debt obligations from its portfolio in an amount equal to the difference between the fluctuating market value of such futures contracts and the aggregate value of the initial margin deposited by the Fund with its Custodian with respect to such futures contracts.

The purchase of a call option on a futures contract is similar in some respects to the purchase of a call option on an individual security. Depending on the pricing of the option compared to either the price of the futures contract upon which it is based or the price of the underlying debt securities, it may or may not be less risky than ownership of the futures contract or underlying debt securities. As with the purchase of futures contracts, when the Fund is not fully invested it may purchase a call option on a futures contract to hedge against a market advance due to declining interest rates.

The purchase of a put option on a futures contract is similar to the purchase of protective put options on portfolio securities. The Fund will purchase a put option on a futures contract to hedge the Fund's portfolio against the risk of rising interest rates and consequent reduction in the value of portfolio securities.

The writing of a call option on a futures contract constitutes a partial hedge against declining prices of the securities which are deliverable upon exercise of the futures contract. If the futures price at expiration of the option is below the exercise price, the Fund will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in the Fund's portfolio holdings. The writing of a put option on a futures contract constitutes a partial hedge against increasing prices of the securities which are deliverable upon exercise of the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Fund will retain the full amount of the option premium which provides a partial hedge against any increase in the price of debt securities which the Fund intends to purchase. If a put or call option the Fund has written is exercised, the Fund will incur a loss which will be reduced by the amount of the premium it received. Depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of its futures positions, the Fund's losses from options on futures it has written may to some extent be reduced or increased by changes in the value of its portfolio securities.

Currency Futures and Options Thereon

Generally, foreign currency futures contracts and options thereon are similar to the interest rate futures contracts and options thereon. By entering into currency futures and options thereon on U.S. exchanges, the Fund will seek to establish the rate at which it will be entitled to exchange U.S. dollars for another currency at a future time. By selling currency futures, the Fund will seek to establish the number of dollars it will receive at delivery for a certain amount of a foreign currency. In this way, whenever the Fund anticipates a decline in the value of a foreign currency against the U.S. dollar, the Fund can attempt to "lock in" the U.S. dollar value of some or all of the securities held in its portfolio that are denominated in that currency. By purchasing currency futures, the Fund can establish the number of dollars it will be required to pay for a specified amount of a foreign currency in a future month. Thus, if the Fund intends to buy securities in the future and expects the U.S. dollar to decline against the relevant foreign currency during the period before the purchase is effected, the Fund can attempt to "lock in" the price in U.S. dollars of the securities it intends to acquire.

The purchase of options on currency futures will allow the Fund, for the price of the premium and related transaction costs it must pay for the option, to decide whether or not to buy (in the case of a call option) or to sell (in the case of a put option) a futures contract at a specified price at any time during the period before the option expires. If the Subadviser, in purchasing an option, has been correct in its judgement concerning the direction in which the price of a foreign currency would move as against the U.S. dollar, the Fund may exercise the option and thereby take a futures position to hedge against the risk it had correctly anticipated or close out the option position at a gain that will offset, to some extent, currency exchange losses otherwise suffered by the Fund. If exchange rates move in a way the Fund did not anticipate, however, the Fund will have incurred the expense of the option without obtaining the expected benefit. Such movement in exchange rates may also thereby reduce, rather than enhance, the Fund's profits on its underlying securities transactions.

Options on Currencies

Instead of purchasing or selling futures or forward currency exchange contracts, the Fund may attempt to accomplish similar objectives by purchasing put or call options on currencies either on exchanges or in over-the-counter markets or by writing put options or covered call options on currencies. A put option gives the Fund the right to sell a currency at the exercise price until the option expires. A call option gives the Fund the right to purchase a currency at the exercise price until the option expires. Both options serve to insure against adverse currency price movements in the underlying portfolio assets designated in a given currency. Currency options traded on U.S. or other exchanges may be subject to position limits which may limit the ability of the Fund to fully hedge its positions by purchasing such options.

As in the case of interest rate futures contracts and options thereon, the Fund may hedge against the risk of a decrease or increase in the U.S. dollar value of a foreign currency denominated security which the Fund owns or intends to acquire by purchasing or selling options contracts, futures contracts or options thereon with respect to a foreign currency other than the

foreign currency in which such security is denominated, where the values of such different currencies (vis-a-vis the U.S. dollar) historically have a high degree of positive correlation.

Special Characteristics of Forward Currency Contracts and Associated Risks

The Fund may use forward currency contracts to protect against uncertainty in the level of future exchange rates. The Fund will not speculate with forward currency contracts or foreign currency exchange rates. A forward currency contract involves bilateral obligations of one party to purchase, and another party to sell, a specified currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time the contract is entered into.

The Fund may enter into forward currency contracts with respect to specific transactions. For example, when the Fund enters into a contract for the purchase or sale of a security denominated in a foreign currency, or when the Fund anticipates the receipt in a foreign currency of dividends or interest payments on a security that it holds, the Fund may desire to "lock in" the U.S. dollar price of the security or the U.S. dollar equivalent of such payment, as the case may be. By entering into a forward contract for the purchase or sale, for a fixed amount, the Fund will thereby be able to protect itself against a possible loss resulting from an adverse change in the relationship between the currency exchange rates during the period between the date on which the security is purchased or sold, or on which the payment is declared, and the date on which such payments are made or received.

The Fund also may use forward currency contracts to lock in the U.S. dollar value of portfolio positions, to increase the Fund's exposure to foreign currencies that the Subadviser believes may rise in value relative to the U.S. dollar or to shift the Fund's exposure to foreign currency fluctuations from one country to another. For example, when the Subadviser believes that the currency of a particular foreign country may suffer a substantial decline relative to the U.S. dollar or another currency, it may enter into a forward contract to sell the amount of the former foreign currency approximating the value of some or all of the Fund's portfolio securities denominated in such foreign currency. This investment practice generally is referred to as "cross-hedging" when another foreign currency is used.

The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date the forward contract is entered into and the date it is sold. Accordingly, it may be necessary for the Fund to purchase additional foreign currency on the spot (i.e., cash) market (and bear the expense of such purchase) if the market value of the security is less than the amount of foreign currency the Fund is obligated to deliver and if a decision is made to sell the security and make delivery of the foreign currency. Conversely, it may be necessary to sell on the spot market some of the foreign currency received upon the sale of the portfolio security if its market value exceeds the amount of foreign currency the Fund is obligated to deliver. The projection of short-term currency market movements is extremely difficult, and, therefore, the successful execution of a short-term hedging strategy is highly uncertain. Forward contracts involve the risk that anticipated currency movements will not be accurately predicted, causing the Fund to sustain losses on these contracts and the related transaction costs. The Fund may enter into forward contracts or maintain a net exposure on such contracts only if (1) the consummation of the contracts would not obligate the Fund to deliver an amount of foreign currency in excess of the value of the Fund's portfolio securities or other assets denominated in that currency or (2) the Fund maintains cash, U.S. Government securities or liquid, high-grade debt securities in a segregated account in an amount not less than the value of the Fund's total assets committed to the consummation of the contract. Under normal circumstances, consideration of the prospect for currency parities will be incorporated into the longer term investment decisions made with regard to overall diversification strategies. However, the Subadviser believes that it is important to have the flexibility to enter into such forward contracts when it determines that the best interests of the Fund will be served.

At or before the maturity of a forward contract requiring the Fund to sell a currency, the Fund may either sell a portfolio security and use the sale proceeds to make delivery of the currency or retain the security and offset its contractual obligation to deliver the currency by purchasing the same amount of the currency that it is obligated to deliver. Similarly, the Fund may close out a forward contract requiring it to purchase a specified currency by entering into a second contract entitling it to sell the same amount of the same currency on the maturity date of the first contract. The Fund would realize a gain or loss as a result of entering into such an

offsetting forward currency contract under either circumstance to the extent the exchange rate or rates between the currencies involved moved between the execution dates of the first contract and the offsetting contract.

The cost to the Fund of engaging in forward currency contracts varies with factors such as the currencies involved, the length of the contract period and the market conditions then prevailing. Because forward currency contracts are usually entered into on a principal basis, no fees or commissions are involved. The use of forward contracts does not eliminate fluctuations in the prices of the underlying securities the Fund owns or intends to acquire, but does fix a rate of exchange in advance. In addition, although forward currency contracts limit the risk of loss due to a decline in the value of the hedged currencies, at the same time they limit any potential gain that might result should the value of the currencies increase.

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Although the Fund values its assets daily in terms of U.S. dollars, it does not intend to convert its holdings of foreign currencies into U.S. dollars on a daily basis. The Fund may convert foreign currency from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire to resell that currency to the dealer.

Additional Risks of Options on Securities and Currencies, Futures Contracts, Options on Futures Contracts and Forward Contracts

Exchanges on which options, futures and options on futures are traded may impose limits on the positions that the Fund may take in certain circumstances. If so, this would limit the ability of the Fund fully to hedge itself against these risks.

Options on foreign currency futures contracts may involve certain additional risks. Trading options on foreign currency futures contracts is relatively new. The ability to establish and close out positions in such options is subject to the maintenance of a liquid secondary market. To mitigate this problem, the Fund will not purchase or write options on foreign currency futures contracts unless and until, in the Subadviser's opinion, the market for such options has developed sufficiently that the risks in connection with such options are not greater than the risks in connection with transactions in the underlying foreign currency futures contracts. Compared to the purchase or sale of foreign currency futures contracts, the purchase of call or put options thereon involves less potential risk to the Fund because the maximum amount at risk is the premium paid for the option (plus transaction costs). However, there may be circumstances when the purchase of a call or put option on a foreign currency futures contract would result in a loss, such as when there is no movement in the price of the underlying currency or futures contract, when use of the underlying futures contract would not.

There is no systematic reporting of last sale information for foreign currencies or any regulatory requirement that quotations available through dealers or other market sources be firm or revised on a timely basis. Quotation information available is generally representative of very large transactions in the interbank market and thus may not reflect relatively smaller transactions (i.e., less than \$1 million) where rates may be less favorable. The interbank market in foreign currencies is a global, around-the-clock market. To the extent that the U.S. options markets are closed while the markets for the underlying currencies remain open, significant price and rate movements may take place in the underlying markets that cannot be reflected in the options market until they reopen. Because foreign currency transactions occurring in the interbank market involve substantially larger amounts than those that may be involved in the use of foreign currency options, investors may be disadvantaged by having to deal in an odd lot market (generally consisting of transactions of less than \$1 million) for the underlying foreign currencies at prices that are less favorable than for round lots.

The value of foreign currency options depends upon the value of the underlying currency relative to the U.S. dollar. As a result, the price of the option position may vary with changes in the value of either or both currencies and may have no relationship to the investment merits of a foreign security.

A holder of a stock index option who exercises it before the closing

index value for that day is available runs the risk that the level of the underlying index may subsequently change. For example, in the case of a call, if such a change causes the closing index value to fall below the exercise price of the option on that index, the exercising holder will be required to pay the difference between the closing index value and the exercise price of the option.

Special Risk Considerations Relating to Futures Contracts and Options Thereon

Although the Fund generally will purchase or sell only those futures contracts and options thereon for which there appears to be a liquid market, there is no assurance that a liquid market on an exchange will exist for any particular futures contract or option thereon at any particular time. In the event no liquid market exists for a particular futures contract or option thereon in which the Fund maintains a position, it will not be possible to effect a closing transaction in that contract or to do so at a satisfactory price and the Fund would have to either make or take delivery under the futures contract or, in the case of a written option, wait to sell the underlying securities until the option expires or is exercised or, in the case of a purchased option, exercise the option. In the case of a futures contract or an option on a futures contract which the Fund has written and which the Fund is unable to close, the Fund would be required to maintain margin deposits on the futures contract or option and to make variation margin payments until the contract is closed.

Successful use of futures contracts and options thereon by the Fund is subject to the ability of the Fund's Subadviser to predict correctly movements in the direction of interest rates and other factors affecting markets for securities. If the Subadviser's expectations are not met, the Fund would be in a worse position than if a hedging strategy had not been pursued. For example, if

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the Fund had hedged against the possibility of an increase in interest rates which would adversely affect the price of securities in its portfolio and the price of such securities increases instead, the Fund will lose part or all of the benefit of the increased value of its securities because it will have offsetting losses in its futures positions. In addition, in such situations, if the Fund has insufficient cash to meet daily variation margin requirements, it may have to sell securities to meet such requirements. Such sales of securities may, but will not necessarily, be at increased prices which reflect the rising market. Furthermore, the Fund may have to sell securities at a time when it is disadvantageous to do so.

Limitations on the Purchase and Sale of Futures Contracts and Options on Futures Contracts

The Fund will engage in transactions in interest rate and foreign currency futures contracts and options thereon only for bona fide hedging, yield enhancement and risk management purposes, in each case in accordance with the rules and regulations of the CFTC, and not for speculation.

In accordance with CFTC regulations, the Fund may not purchase or sell futures contracts or options thereon if immediately thereafter the sum of the amounts of initial margin deposits on the Fund's existing futures and premiums paid for options on futures would exceed 5% of the market values of the Fund's total assets; provided, however, that in case of an option that is "in the money" at the time of the purchase, the "in the money" amount may be excluded in calculating the 5% limitation. In instances involving the purchase of futures contracts or call options thereon, or the writing of put options thereon by the Fund, an amount of cash, U.S. Government securities or other liquid, high-grade debt obligations, equal to the market value of the futures contracts and options thereon (less any related margin deposits), will be deposited in a segregated account with its custodian to cover the position, or alternative cover will be employed thereby insuring that the use of such futures contracts and options is unleveraged.

The Fund's purchase and sale of futures contracts and purchase and writing of options on futures contracts will be for the purpose of protecting its portfolio against anticipated future changes in interest rates which might otherwise either adversely affect the value of the Fund's portfolio securities or adversely affect the price of securities that the Fund intends to purchase at a later date. As an alternative to bona fide hedging as defined by the CFTC, the Fund may comply with a different standard established by CFTC rules with respect to futures contracts and options thereon purchased by the Fund incidental to the Fund's activities in the securities markets, under which the value of the assets underlying

such positions will not exceed the sum of (a) cash set aside in an identifiable manner or short-term U.S. Government or other U.S. dollar-denominated high-grade short-term debt securities segregated for this purpose, (b) cash proceeds on existing investments due within thirty days and (c) accrued profits on the particular futures contracts or option thereon.

In addition, CFTC regulations may impose limitations on the Fund's ability to engage in certain yield enhancement and risk management strategies. There are no limitations on the Fund's use of futures contracts and options on futures contracts beyond the restrictions set forth above and the economic limitations that are implicit in the use of futures and options on futures, within these restrictions, only for bona fide hedging, yield enhancement and risk management purposes, in each case in accordance with rules and regulations of the CFTC and not for speculation.

Although the Fund intends to purchase or sell futures and options on futures only on exchanges where there appears to be an active market, there is no guarantee that an active market will exist for any particular contract or at any particular time. If there is not a liquid market at a particular time, it may not be possible to close a futures position at such time, and, in the event of adverse price movements, the Fund would continue to be required to make daily cash payments of variation margin. However, when futures positions are used to hedge portfolio securities, such securities will not be sold until the futures positions can be liquidated. In such circumstances, an increase in the price of securities, if any, may partially or completely offset losses on the futures contracts.

Illiquid Securities

The Fund has adopted the following nonfundamental investment policy which may be changed by the vote of the Board of Directors:

The Fund may not invest more than 15% of its total assets in repurchase agreements which have a maturity of longer than seven days or in other illiquid securities, including securities that are illiquid by virtue of the absence of a readily available market or legal or contractual restrictions on resale. Securities that have legal or contractual restrictions on resale but have a readily available market such as Rule 144A securities are not considered illiquid for purposes of this limitation. The Subadviser will monitor the liquidity of such restricted securities under the supervision of the Board of Directors. Repurchase agreements subject to demand are deemed to have a maturity equal to the notice period.

The staff of the Securities and Exchange Commission has taken the position that purchased OTC options and the assets used as "cover" for written OTC options are illiquid securities. However, the Fund may treat the securities it uses as cover for written OTC options as liquid provided it follows a specified procedure. The Fund may sell OTC options only to qualified dealers who agree

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that the Fund may repurchase any OTC options it writes for a maximum price to be calculated by a predetermined formula. In such cases, the OTC option would be considered illiquid only to the extent that the maximum repurchase price under the formula exceeds the intrinsic value of the option.

Historically, illiquid securities have included securities subject to contractual or legal restrictions on resale because they have not been registered under the Securities Act of 1933, as amended (the Securities Act), securities which are not otherwise readily marketable and repurchase agreements having a maturity of longer than seven days. Securities which have not been registered under the Securities Act are referred to as private placements or restricted securities and are purchased directly from the issuer or in the secondary market. Mutual funds do not typically hold a significant amount of these restricted or other illiquid securities because of the potential for delays on resale and uncertainty in valuation. Limitations on resale may have an adverse effect on the marketability of portfolio securities and a mutual fund might be unable to dispose of restricted or other illiquid securities promptly or at reasonable prices and might thereby experience difficulty satisfying redemptions within seven days. A mutual fund might also have to register such restricted securities in order to dispose of them resulting in additional expense and delay. Adverse market conditions could impede such a public offering of securities.

In recent years, however, a large institutional market has developed for certain securities that are not registered under the Securities Act

including repurchase agreements, commercial paper, foreign securities, municipal securities and corporate bonds and notes. Institutional investors depend on an efficient institutional market in which the unregistered security can be readily resold or on an issuer's ability to honor a demand for repayment. The fact that there are contractual or legal restrictions on resale to the general public or to certain institutions may not be indicative of the liquidity of such investments.

The SEC has adopted Rule 144A which allows for a broader institutional trading market for securities otherwise subject to restriction on resale to the general public. Rule 144A establishes a "safe harbor" from the registration requirements of the Securities Act for resales of certain securities to qualified institutional buyers. The Subadviser anticipates that the market for certain restricted securities, such as foreign convertible securities, will expand further as a result of this new regulation and the development of automated systems for the trading, clearance and settlement of unregistered securities of domestic and foreign issuers, such as the PORTAL System sponsored by the National Association of Securities Dealers, Inc.

The Subadviser will monitor the liquidity of restricted securities in the Fund's portfolio under the supervision of the Board of Directors. In reaching liquidity decisions, the Subadviser will consider, inter alia, the following factors: (1) the frequency of trades and quotes for the security; (2) the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; (3) dealer undertakings to make a market in the security and (4) the nature of the security and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of the transfer).

When-Issued and Delayed Delivery Securities

The Fund may purchase or sell securities on a when-issued or delayed delivery basis. When-issued or delayed delivery transactions arise when securities are purchased or sold by the Fund with payment and delivery taking place in the future in order to secure what is considered to be an advantageous price and yield to the Fund at the time of entering into the transaction. The Fund's Custodian will maintain, in a segregated account of the Fund, cash, U.S. Government securities or other liquid high-grade debt obligations having a value equal to or greater than the Fund's purchase commitments; the Custodian will likewise segregate securities sold on a delayed delivery basis.

Portfolio Turnover

Numerous factors, including those relating to particular investments, market or economic conditions or redemptions of Fund shares, may affect the rate at which the Fund buys or sells portfolio securities from year to year. This rate, which is commonly referred to as the "portfolio turnover rate," is calculated by dividing the average monthly value of the portfolio during a year into the lesser of the purchases or sales in the year, excluding all short-term securities. The Fund has no fixed policy with respect to portfolio turnover; however, it is anticipated that the Fund's annual portfolio turnover rate will not normally exceed 100%. For the fiscal years ended February 28, 1994 and February 28, 1993, the Fund's portfolio turnover rate was 178% and 99%, respectively.

INVESTMENT RESTRICTIONS

The following restrictions are fundamental policies. Fundamental policies are those which cannot be changed without the approval of the holders of a majority of the Fund's outstanding voting securities. (A "majority of the Fund's outstanding voting securities," when used in this Statement of Additional Information, means the lesser of (i) 67% of the shares represented at a meeting at which more than 50% of the outstanding shares are present in person or represented by proxy or (ii) more than 50% of the outstanding shares.)

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The Fund may not:

(1) Purchase securities on margin, except such short-term credits as may be necessary for the clearance of transactions and except that the Fund may make deposits on margin in connection with futures contracts and options.

(2) Make short sales of securities (other than short sales against-the-box) or maintain a short position, if when added together, more than 25% of

the value of the Fund's net assets would be (i) deposited as collateral for the obligation to replace securities borrowed to effect short sales and (ii) allocated to segregated accounts in connection with short sales.

(3) Issue senior securities, borrow money or pledge its assets, except that the Fund may borrow up to 20% of the value of its total assets (calculated when the loan is made) for temporary, extraordinary or emergency purposes or for the clearance of transactions. The Fund may pledge up to 20% of the value of its total assets to secure such borrowings. For purposes of this restriction, obligations of the Fund to Directors pursuant to deferred compensation arrangements, the purchase and sale of securities on a when-issued or delayed delivery basis and the purchase and sale of options, futures contracts and options on futures contracts and collateral arrangements with respect to the purchase and sale of options, futures contracts and options on futures contracts are not deemed to be the issuance of a senior security or a pledge of assets.

(4) Purchase any security (other than obligations of the U.S. Government, its agencies and instrumentalities) if as a result: (i) with respect to 75% of the Fund's portfolio, more than 5% of the Fund's total assets (taken at current value) would then be invested in securities of a single issuer, or (ii) more than 25% of the Fund's total assets (taken at current value) would be invested in a single industry.

(5) Purchase any security if as a result the Fund would then hold more than 10% of any class of securities of an issuer (taking all common stock issues of an issuer as a single class, all preferred stock issues as a single class, and all debt issues as a single class) or more than 10% of the outstanding voting securities of an issuer.

(6) Purchase any security if as a result the Fund would then have more than 5% of its total assets (taken at current value) invested in securities of companies (including predecessors) less than three years old.

(7) Buy or sell commodities or commodity contracts or real estate or interests in real estate, although it may purchase and sell futures contracts, options on futures contracts and securities which are secured by real estate and securities of companies which invest or deal in real estate.

(8) Act as an underwriter except to the extent that, in connection with the disposition of portfolio securities, it may be deemed to be an underwriter under certain federal securities laws.

(9) Make investments for the purpose of exercising control or management.

(10) Invest in securities of other registered investment companies, except by purchases in the open market involving only customary brokerage commissions and as a result of which not more than 10% of its total assets (taken at current value) would be invested in such securities, or except as part of a merger, consolidation or other acquisition.

(11) Invest in interests in oil, gas or other mineral exploration or development programs, although it may invest in the common stocks of companies which invest in or sponsor such programs.

(12) Make loans, except through (i) repurchase agreements and (ii) loans of portfolio securities (limited to 10% of the Fund's total assets).

(13) Purchase warrants if as a result the Fund would then have more than 5% of its total assets (taken at current value) invested in warrants.

Whenever any fundamental investment policy or investment restriction states a maximum percentage of the Fund's assets, it is intended that if the percentage limitation is met at the time the investment is made, a later change in percentage resulting from changing total or net asset values will not be considered a violation of such policy. However, in the event that the Fund's asset coverage for borrowings falls below 300%, the Fund will take prompt action to reduce its borrowings, as required by applicable law.

In order to comply with certain state "blue sky" restrictions, the Fund will not as a matter of operating policy:

1. Purchase warrants if as a result the Fund would have more than 5% of its assets (determined at the time of investment) invested in warrants. Warrants will be valued at the lower of cost or market and investment in warrants which are not listed on the New York Stock Exchange, American Stock Exchange or any major foreign stock exchange will be limited to 2% of the Fund's net assets.

2. Invest in securities of any issuer if, to the knowledge of the Fund, any officer or Director of the Fund or the Fund's Manager or Subadviser owns more than 1/2 of 1% of the outstanding securities of such issuer, and

such officers and Directors who own more than 1/2 of 1% own in the aggregate more than 5% of the outstanding securities of such issuer.

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DIRECTORS AND OFFICERS

<TABLE> <CAPTION>	Position with Fund	Principal Occupations During Past 5 Years
Name and Address	Fund	During Past 5 Years
<S> John C. Davis c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, New York	<C> Director	<C> Retired (since December 1982); formerly Senior Vice President, Executive Department and Director, The Atchison, Topeka and Santa Fe Railway Company and Vice President and Director, Santa Fe Industries, Inc.
*Lawrence C. McQuade One Seaport Plaza New York, New York	President and Director	Vice Chairman of PMF (since 1988); Managing Director, Investment Banking, of Prudential Securities (1988-1991); Director of Quixote Corporation (since February 1992) and BUNZL, PLC (since June 1991); formerly Director of Crazy Eddie, Inc. (1987-1990); formerly Director of Kaiser Tech., Ltd. and Kaiser Aluminum and Chemical Corp. (March 1987 - November 1988); formerly Executive Vice President and Director of W.R. Grace & Company (until 1988); President and Director of The High Yield Income Fund, Inc., The Global Government Plus Fund, Inc. and The Global Yield Fund, Inc.
Thomas A. Owens, Jr. c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, New York	Director	Consultant.
*Richard A. Redeker One Seaport Plaza New York, New York	Director	President, Chief Executive Officer and Director (since October 1993), Prudential Mutual Fund Management, Inc. (PMF); Executive Vice President, Director and Member of the Operating Committee (since October 1993), Prudential Securities Incorporated; Director (since October 1993) of Prudential Securities Group, Inc.; formerly Senior Executive Vice President and Director of Kemper Financial Services, Inc. (September 1978-September 1993); Director of The Global Yield Fund, Inc., The Global Government Plus Fund, Inc. and The High Yield Income Fund, Inc.
Robert J. Schultz c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, New York	Director	Retired (since January 1987); formerly Financial Vice President, Commonwealth Edison Company (electric power company).
Gerald A. Stahl c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, New York	Director	President, Rochester Lumber Company.
Stephen Stoneburn c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, New York	Director	Senior Vice President and Managing Director, Cowles Business Media (since January 1993); Senior Vice President (January 1991-1992) and Publishing Vice President (May 1989-December 1990) of Gralla Publications, a division of United Newspapers, U.K.; formerly Senior Vice President of Fairchild Publications, Inc.

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<TABLE> <CAPTION>	Position with Fund	Principal Occupations During Past 5 Years
Name and Address	Fund	During Past 5 Years

<S> Robert H. Wellington c/o Prudential Mutual Fund Management, Inc. One Seaport Plaza New York, New York	<C> Director	<C> Retired (since January 1994); formerly Chairman and Chief Executive Officer, AMSTED Industries, Incorporated (diversified manufacturer of railroad, construction and industrial products) (December 1988-December 1993); Director of AMSTED Industries, Incorporated, Centel Corporation, L.E. Meyers, Co. and DeSoto Inc.
David W. Drasnin 39 Public Square Suite 500 Wilkes Barre, Pennsylvania	Vice President	Vice President and Branch Manager of Prudential Securities.
Robert F. Gunia One Seaport Plaza New York, New York	Vice President	Chief Administrative Officer (since July 1990), Director (since January 1989) and Executive Vice President, Treasurer and Chief Financial Officer (since June 1987) of PMF; Senior Vice President (since March 1987) of Prudential Securities; Vice President and Director of The Asia Pacific Fund, Inc. (since May 1989).
S. Jane Rose One Seaport Plaza New York, New York	Secretary	Senior Vice President (since January 1991), Senior Counsel (since June 1987); formerly First Vice President (June 1987- December 1990) of PMF; Senior Vice President and Senior Counsel (since July 1992) of Prudential Securities; formerly Vice President and Associate General Counsel of Prudential Securities.
Susan C. Cote One Seaport Plaza New York, New York	Treasurer and Principal Financial and Accounting Officer	Senior Vice President of PMF; Senior Vice President (since January 1992) and Vice President (January 1986-December 1991) of Prudential Securities.
Deborah A. Docs One Seaport Plaza New York, New York	Assistant Secretary	Vice President and Associate General Counsel (since January 1993) of PMF; Vice President and Associate General Counsel (since January 1993) of Prudential Securities; previously Associate Vice President (January 1990 - December 1992), Assistant General Counsel (November 1991 - December 1992) and Assistant Vice President (January 1989 - December 1989) of PMF.

<FN>

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* "Interested" Director, as defined in the Investment Company Act, by reason of his affiliation with Prudential Securities or PMF.
</TABLE>

Directors and officers of the Fund are also Trustees, Directors and officers of some or all of the other investment companies distributed by Prudential Securities or Prudential Mutual Fund Distributors Inc. (PMFD).

The officers conduct and supervise the daily business operations of the Fund, while the Directors, in addition to their functions set forth under "Manager" and "Distributor," review such actions and decide on general policy.

The Fund pays each of its Directors who is not an affiliated person of Prudential Securities annual compensation of \$7,500, in addition to certain out-of-pocket expenses.

Directors may receive their Director's fees pursuant to a deferred fee agreement with the Fund. Under the terms of the agreement, the Fund accrues daily the amount of such Director's fee in installments which accrue interest at a rate equivalent to the prevailing rate applicable to 90-day U.S. Treasury Bills at the beginning of each calendar quarter or, pursuant to an SEC exemptive order, at the daily rate of return of the Fund (the Fund rate). Payment of the interest so accrued is also deferred and accruals become payable at the option of the Director. The Fund's obligation to make payments of deferred Directors' fees, together with interest thereon, is a general obligation of the Fund.

As of March 31, 1994, the Directors and officers of the Fund owned less than 1% of the outstanding common stock of the Fund.

other beneficial owners of 177,094 Class A shares (or 63% of the outstanding Class A shares) and 6,604,029 Class B shares (or 51% of the outstanding Class B shares) of the Fund. As of March 31, 1994, there were no Class C shares outstanding. In the event of any meetings of shareholders, Prudential Securities will forward, or cause the forwarding of, proxy materials to the beneficial owners for which it is the record holder.

MANAGER

The manager of the Fund is Prudential Mutual Fund Management, Inc. (PMF or the Manager), One Seaport Plaza, New York, New York 10292. PMF serves as manager of all of the other open-end management investment companies that, together with the Fund, comprise the Prudential Mutual Funds. See "How the Fund is Managed" in the Prospectus. As of March 31, 1994, PMF managed and/or administered open-end and closed-end management investment companies with assets of approximately \$49 billion and, according to the Investment Company Institute as of December 31, 1993, the Prudential Mutual Funds were the 12th largest family of mutual funds in the United States.

Pursuant to the Management Agreement with the Fund (the Management Agreement), PMF, subject to the supervision of the Fund's Board of Directors and in conformity with the stated policies of the Fund, manages both the investment operations of the Fund and the composition of the Fund's portfolio, including the purchase, retention, disposition and loan of securities. In connection therewith, PMF is obligated to keep certain books and records of the Fund. PMF also administers the Fund's corporate affairs and, in connection therewith, furnishes the Fund with office facilities, together with those ordinary clerical and bookkeeping services which are not being furnished by State Street Bank and Trust Company, the Fund's custodian, and Prudential Mutual Fund Services, Inc. (PMFS or the Transfer Agent), the Fund's transfer and dividend disbursing agent. The management services of PMF for the Fund are not exclusive under the terms of the Management Agreement and PMF is free to, and does, render management services to others.

For its services, PMF receives, pursuant to the Management Agreement, a fee at an annual rate of .625 of 1% of the first \$500 million of the Fund's average daily net assets, .55 of 1% of the next \$500 million of the Fund's average daily net assets, and .50 of 1% of the Fund's average daily net assets in excess of \$1 billion. The fee is computed daily and payable monthly. The Management Agreement also provides that, in the event the expenses of the Fund (including the fees of PMF, but excluding interest, taxes, brokerage commissions, distribution fees and litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Fund's business) for any fiscal year exceed the lowest applicable annual expense limitation established and enforced pursuant to the statutes or regulations of any jurisdiction in which the Fund's shares are qualified for offer and sale, the compensation due to PMF will be reduced by the amount of such excess. Reductions in excess of the total compensation payable to PMF will be paid by PMF to the Fund. No such reductions were required during the fiscal year ended February 28, 1994. Currently, the Fund believes that the most restrictive expense limitation of state securities commissions is 2-1/2% of the Fund's average daily net assets up to \$30 million, 2% of the next \$70 million of such assets and 1-1/2% of such assets in excess of \$100 million.

In connection with its management of the corporate affairs of the Fund, PMF bears the following expenses:

(a) the salaries and expenses of all of its and the Fund's personnel except the fees and expenses of Directors who are not affiliated persons of PMF or the Fund's Subadviser;

(b) all expenses incurred by PMF or by the Fund in connection with managing the ordinary course of the Fund's business, other than those assumed by the Fund as described below; and

(c) the costs and expenses payable to Greg A. Smith Asset Management Corporation pursuant to the subadvisory agreement between PMF and Greg A. Smith Asset Management Corporation (the Subadvisory Agreement).

Under the terms of the Management Agreement, the Fund is responsible for the payment of the following expenses: (a) the fees payable to the Manager, (b) the fees and expenses of Directors who are not affiliated persons of the Manager or the Fund's Subadviser, (c) the fees and certain expenses of the Custodian and Transfer and Dividend Disbursing Agent, including the cost of providing records to the Manager in connection with its obligation of maintaining required records of the Fund and of pricing

the Fund's shares, (d) the charges and expenses of legal counsel and independent accountants for the Fund, (e) brokerage commissions and any issue or transfer taxes chargeable to the Fund in connection with its securities transactions, (f) all taxes and corporate fees payable by the Fund to governmental agencies, (g) the fees of any trade associations of which the Fund may be a member, (h) the cost of stock certificates representing shares of the Fund, (i) the cost of fidelity and liability insurance, (j) the fees and expenses involved in registering and maintaining registration of the Fund and of its shares with the Securities and Exchange Commission, registering the Fund and qualifying its shares under state securities laws, including the preparation and printing of the Fund's registration statements and prospectuses for such purposes, (k) allocable communications expenses with respect to investor services and all expenses of shareholders' and Directors' meetings and of preparing, printing and mailing reports, proxy statements and prospectuses to shareholders in the amount necessary for distribution to the shareholders, (l) litigation and

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indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Fund's business and (m) distribution fees.

The Management Agreement provides that PMF will not be liable for any error of judgment or for any loss suffered by the Fund in connection with the matters to which the Management Agreement relates, except a loss resulting from willful misfeasance, bad faith, gross negligence or reckless disregard of duty. The Management Agreement provides that it will terminate automatically if assigned, and that it may be terminated without penalty by either party upon not more than 60 days' nor less than 30 days' written notice. The Management Agreement will continue in effect for a period of more than two years from the date of execution only so long as such continuance is specifically approved at least annually in conformity with the Investment Company Act. The Management Agreement was last approved by the Board of Directors of the Fund, including all of the Directors who are not parties to the contract or interested persons of any such party as defined in the Investment Company Act, on April 15, 1992 and by shareholders of the Fund on October 24, 1991.

For the fiscal years ended February 28, 1994, February 29, 1993 and February 28, 1992, PMF received management fees of \$1,388,821, \$1,564,820 and \$1,702,103, respectively.

PMF has entered into a Subadvisory Agreement (Subadvisory Agreement) with Greg A. Smith Asset Management Corporation (the Subadviser). The Subadvisory Agreement provides that the Subadviser will furnish investment advisory services in connection with the management of the Fund. In connection therewith, the Subadviser is obligated to keep certain books and records of the Fund. PMF continues to have responsibility for all investment advisory services pursuant to the Management Agreement and supervises the Subadviser's performance of such services. Prudential Securities served as the Fund's Subadviser until August 1, 1991 under the former subadvisory agreement. For the years ended February 28, 1994, February 28, 1993 and February 29, 1992, PMF paid \$833,292, \$938,892 and \$501,781, respectively, to Greg A. Smith Asset Management Corporation under the current Subadvisory Agreement.

Pursuant to the Subadvisory Agreement, PMF compensates the Subadviser for its services thereunder at an annual rate of .375 of 1% of the Fund's average daily net assets up to \$500 million, .35 of 1% of such amounts between \$500 million and \$1 billion and .30 of 1% of such amounts in excess of \$1 billion. The fee is computed daily and payable monthly. The Subadvisory Agreement also provides that, in the event the expenses of the Fund (including the fees of the Manager, but excluding interest, taxes, brokerage commissions, distribution fees and litigation and indemnification expenses and other extraordinary expenses not incurred in the ordinary course of the Fund's business) for any fiscal year exceed the lowest applicable annual expense limitation established and enforced pursuant to the statutes or regulations of any jurisdiction in which the Fund's shares are qualified for offer and sale, the compensation due the Subadviser will be reduced by 60% of the amount of such excess. The most restrictive expense limitation of state securities commissions has been discussed previously with respect to the Management Agreement.

The Subadvisory Agreement provides that the Subadviser will not be liable for any error of judgment or for any loss suffered by the Fund or the Manager in connection with the matters to which the Subadvisory Agreement relates, except a loss resulting from willful misfeasance, bad

faith, gross negligence or reckless disregard of duty. The Subadvisory Agreement provides that it will terminate automatically if assigned, and that it may be terminated without penalty by either party upon not more than 60 days' nor less than 30 days' written notice. The Subadvisory Agreement will continue in effect for a period of more than two years from the date of execution only so long as such continuance is specifically approved at least annually in conformity with the Investment Company Act.

The Subadvisory Agreement was last approved by the Board of Directors, including a majority of the Directors who are not interested persons of the Fund and who have no direct or indirect financial interest in the Subadvisory Agreement, on May 12, 1993, and by shareholders of the Fund on October 24, 1991.

The Manager is a subsidiary of The Prudential Insurance Company of America (Prudential) which, as of [December 31, 1991,] was the largest insurance company in the United States and the second largest insurance company in the world. Prudential has been engaged in the insurance business since 1875. [In July 1993, Institutional Investor ranked Prudential the third largest institutional money manager of the 300 largest money management organizations in the United States as of December 31, 1992.]

DISTRIBUTOR

Prudential Mutual Fund Distributors, Inc. (PMFD), One Seaport Plaza, New York, New York 10292, acts as the distributor of the Class A shares of the Fund. Prudential Securities Incorporated, One Seaport Plaza, New York, New York 10292, acts as the distributor of the Class B and Class C shares of the Fund.

Pursuant to separate Distribution and Service Plans (the Class A Plan, the Class B Plan and the Class C Plan, collectively, the Plans) adopted by the Fund under Rule 12b-1 under the Investment Company Act and separate distribution agreements (the Distribution Agreements), PMFD and Prudential Securities (collectively, the Distributor) incur the expenses of distributing the Fund's Class A, Class B and Class C shares. See "How the Fund is Managed-Distributor" in the Prospectus.

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Prior to January 22, 1990, the Fund offered only one class of shares (the then existing Class B shares). On [October 6, 1989,] the Board of Directors, including a majority of the Directors who are not interested persons of the Fund and who have no direct or indirect financial interest in the operation of the Class A or Class B Plan or in any agreement related to either Plan (the Rule 12b-1 Directors), at a meeting called for the purpose of voting on each Plan, adopted a new plan of distribution for the Class A shares of the Fund (the Class A Plan) and approved an amended and restated plan of distribution with respect to the Class B shares of the Fund (the Class B Plan). The Plans were last approved by the Board of Directors including a majority of the 12b-1 Directors, on April 15, 1992. The Class A Plan was approved by the Class A shareholders on December 19, 1990. The Class B Plan was approved by shareholders of the Fund on January 11, 1990. [On February 3, 1993,] the Board of Directors, including a majority of the Rule 12b-1 Directors, at a meeting called for the purpose of voting on each Plan, approved modifications to the Fund's Class A and Class B Plans and Distribution Agreements to conform them to recent amendments to the National Association of Securities Dealers (NASD) maximum sales charge rule described below. As so modified, the Class A Plan provides that (i) up to .25 of 1% of the average daily net assets of the Class A shares may be used to pay for personal service and the maintenance of shareholder accounts (service fee) and (ii) total distribution fees (including the service fee of .25 of 1%) may not exceed .30 of 1%. As so modified, the Class B Plan provides that (i) up to .25 of 1% of the average daily net assets of the Class B shares may be paid as a service fee and (ii) up to .75 of 1% (not including the service fee) of the average daily net assets of the Class B shares (asset-based sales charge) may be used as reimbursement for distribution-related expenses with respect to the Class B shares. On May 12, 1993, the Board of Directors, including a majority of the Rule 12b-1 Directors, at a meeting called for the purpose of voting on each Plan, adopted a plan of distribution for the Class C shares of the Fund and approved further amendments to the plans of distribution for the Fund's Class A and Class B shares changing them from reimbursement type plans to compensation type plans. The Plans were last approved by the Board of Directors, including a

majority of the Rule 12b-1 Directors, on May 11, 1994. The Class A Plan, as amended, was approved by Class A and Class B shareholders, and the Class B Plan, as amended, was approved by Class B shareholders on , 1994. The Class C Plan was approved by the sole shareholder of Class C shares on , 1994.

Class A Plan. For the fiscal year ended February 28, 1994, PMFD received payments of \$8,690 under the Class A Plan as reimbursement of expenses related to the distribution of Class A shares. This amount was primarily expended for payment of account servicing fees to financial advisers and other persons who sell Class A shares. For the fiscal year ended February 28, 1994, PMFD also received approximately \$44,200 in initial sales charges.

Class B Plan. For the fiscal year ended February 28, 1994, Prudential Securities received \$2,180,398 from the Fund under the Class B Plan, and spent approximately \$1,037,200 in distributing the Fund's Class B shares. It is estimated that of the latter amount, approximately \$10,600 was spent on printing and mailing of prospectuses to other than current shareholders; \$49,900 on interest and/or carrying costs; \$138,800 on compensation to Pruco Securities Corporation, an affiliated broker-dealer, for commissions to its financial advisers and other expenses, including an allocation on account of overhead and other branch office distribution-related expenses, incurred by it for distribution of Fund shares; and \$837,900 on the aggregate of (i) payments of commissions and account servicing fees to financial advisers \$513,700 and (ii) an allocation on account of overhead and other branch office distribution-related expenses \$324,200. The term "overhead and other branch office distribution-related expenses" represents (a) the expenses of operating Prudential Securities branch offices in connection with the sale of Fund shares, including lease costs, the salaries and employee benefits of operations and sales support personnel, utility costs, communications costs and the costs of stationery and supplies, (b) the costs of client sales seminars, (c) expenses of mutual fund sales coordinators to promote the sale of Fund shares, and (d) other incidental expenses relating to branch promotion of Fund sales.

Prudential Securities also receives the proceeds of contingent deferred sales charges paid by investors upon certain redemptions of Class B shares. See "Shareholder Guide-How to Sell Your Shares-Contingent Deferred Sales Charges" in the Prospectus. For the fiscal year ended February 28, 1994, Prudential Securities received approximately \$249,900 in contingent deferred sales charges.

Class C Plan. Prudential Securities receives the proceeds of contingent deferred sales charges paid by investors upon certain redemptions of Class C shares. See "Shareholder Guide--How to Sell Your Shares--Contingent Deferred Sales Charges" in the Prospectus. Prior to the date of this Statement of Additional Information, no distribution expenses were incurred under the Class C Plan.

The Class A, Class B and Class C Plans continue in effect from year to year, provided that each such continuance is approved at least annually by a vote of the Board of Directors, including a majority vote of the Rule 12b-1 Directors, cast in person at a meeting called for the purpose of voting on such continuance. The Plans may each be terminated at any time, without penalty, by the vote of a majority of the Rule 12b-1 Directors or by the vote of the holders of a majority of the outstanding shares of the applicable class on not more than 30 days' written notice to any other party to the Plans. The Plans may not be amended to increase materially the amounts to be spent for the services described therein without approval by the shareholders of the applicable class (by both Class A and Class B shareholders, voting separately, in the case of material amendments to the Class A Plan) and all material amendments are required to be approved by the Board of Directors in the manner described above. Each

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Plan will automatically terminate in the event of its assignment. The Fund will not be contractually obligated to pay expenses incurred under any Plan if it is terminated or not continued.

Pursuant to each Plan, the Board of Directors will review at least quarterly a written report of the distribution expenses incurred on behalf of each class of shares of the Fund by the Distributor. The report will include an itemization of the distribution expenses and the purposes of such expenditures. In addition, as long as the Plans remain in effect, the selection and nomination of the Rule 12b-1 Directors shall be committed to the Rule 12b-1 Directors.

Pursuant to each Distribution Agreement, the Fund has agreed to indemnify PMFD and Prudential Securities to the extent permitted by applicable law against certain liabilities under the Securities Act of 1933, as amended. Each Distribution Agreement was last approved by the Board of Directors, including a majority of the Rule 12b-1 Directors, on May 11, 1994.

NASD Maximum Sales Charge Rule. Pursuant to rules of the NASD, the Distributor is required to limit aggregate initial sales charges, deferred sales charges and asset-based sales charges to 6.25% of total gross sales of each class of shares. In the case of Class B shares, interest charges on unreimbursed distribution expenses equal to the prime rate plus one percent per annum may be added to the 6.25% limitation. Sales from the reinvestment of dividends and distributions are not included in the calculation of the 6.25% limitation. The annual asset-based sales charge on shares of the Fund may not exceed .75% of 1% per class. The 6.25% limitation applies to the Fund rather than on a per shareholder basis. If aggregate sales charges were to exceed 6.25% of total gross sales of any class, all sales charges on shares of that class would be suspended.

PORTFOLIO TRANSACTIONS AND BROKERAGE

The Manager is responsible for decisions to buy and sell securities for the Fund, the selection of brokers and dealers to effect the transactions and the negotiation of brokerage commissions, if any. For purposes of this Section, the "Manager" includes the "Subadviser." Purchases and sales of securities on a national securities exchange are effected through brokers who charge a negotiated commission for their services. On a foreign securities exchange, commissions may be fixed. Orders may be directed to any broker including, to the extent and in the manner permitted by applicable law, Prudential Securities and its affiliates.

In the over-the-counter market, securities are generally traded on a "net" basis with dealers acting as principal for their own accounts without a stated commission, although the price of the security usually includes a profit to the dealer. In underwritten offerings, securities are purchased at a fixed price which includes an amount of compensation to the underwriter, generally referred to as the underwriter's concession or discount. On occasion, certain money market instruments may be purchased directly from an issuer, in which case no commissions or discounts are paid. The Fund will not deal with Prudential Securities in any transaction in which Prudential Securities acts as principal. Thus it will not deal in the over-the-counter securities with Prudential Securities acting as market maker, and it will not execute a negotiated trade with Prudential Securities if execution involves Prudential Securities' acting as principal with respect to any part of the Fund's order.

Portfolio securities may not be purchased from any underwriting or selling syndicate of which Prudential Securities, during the existence of the syndicate, is a principal underwriter (as defined in the Investment Company Act), except in accordance with rules of the Securities and Exchange Commission. This limitation, in the opinion of the Fund, will not significantly affect the Fund's ability to pursue its present investment objective. However, in the future in other circumstances, the Fund may be at a disadvantage because of this limitation in comparison to other funds with similar objectives but not subject to such limitations. In placing orders for portfolio securities of the Fund, the Manager is required to give primary consideration to obtaining the most favorable price and efficient execution. Commission rates are established pursuant to negotiations with the broker, dealer, or futures commission merchant based on the quality and quantity of execution services provided by the broker, dealer, or futures commission merchant in the light of generally prevailing rates. The Manager's policy is to pay higher commissions to brokers, other than Prudential Securities, for particular transactions than might be charged if a different broker had been selected, on occasions when, in the Manager's opinion, this policy furthers the objective of obtaining best price and execution. The allocation of orders among brokers and the commission rates paid are reviewed periodically by the Fund's Board of Directors.

Subject to the above considerations, Prudential Securities may act as a broker for the Fund. In order for Prudential Securities to effect any portfolio transactions for the Fund, the commissions, fees or other remuneration received by Prudential Securities must be reasonable and fair compared to the commissions, fees or other remuneration paid to other brokers in connection with comparable transactions involving similar securities being purchased or sold on an exchange during a comparable period of time. This standard would allow Prudential Securities to receive no more than the remuneration which would be expected to be received by an unaffiliated broker in a commensurate arms-length transaction. Furthermore,

the Board of Directors of the Fund, including a majority of the Directors who are not "interested" Directors, has adopted procedures which are reasonably designed to provide that any commissions, fees or other remuneration paid to Prudential Securities are consistent with the foregoing standard. Brokerage transactions with Prudential Securities are also subject to such fiduciary standards as may be imposed upon Prudential Securities by applicable law.

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The table presented below shows certain information regarding the payment of commissions by the Fund, including the amount of such commissions paid to Prudential Securities, for the three-year period ended February 28, 1994.

<TABLE>
<CAPTION>

	Year Ended February 28, 1994	Year Ended February 29, 1993	Year Ended February 28, 1992
<S>	<C>	<C>	<C>
Total brokerage commissions paid by the Fund	\$916,600	\$550,800	\$1,016,000
Total brokerage commissions paid to Prudential Securities ..	\$ 31,000	\$ 79,650	\$ 450,000
Percentage of total brokerage commissions paid to Prudential Securities	3.4%	14.4%	44.3%

</TABLE>

The Fund effected approximately 3.8% of the total dollar amount of its transactions involving the payment of commissions to Prudential Securities during the fiscal year ended February 28, 1994. Of the total brokerage commissions paid by the Fund for the fiscal year ended February 28, 1994, approximately \$885,600 (96.6%) was paid to firms which provided research, statistical or other services to PMF. PMF has not separately identified a portion of such brokerage commissions as applicable to the provision of research, statistical or other services. The Subadviser has not separately identified the portion of such brokerage commissions which relates to the provision of such research, statistical or other services.

The writing of options by the Fund will be subject to limitations established by each of the exchanges governing the maximum number of options in each class which may be written by a single investor or group of investors acting in concert, regardless of whether the options are written on the same or different exchanges or are held or written in one or more accounts or through one or more brokers. Thus, the number of options which the Fund may write may be affected by options written by other investment advisory clients of its Manager. An exchange may order the liquidations of positions found to be in excess of these limits, and it may impose certain other sanctions.

PURCHASE AND REDEMPTION OF FUND SHARES

Shares of the Fund may be purchased at a price equal to the next determined net asset value per share plus a sales charge which, at the election of the investor, may be imposed either (i) at the time of purchase (Class A shares), or (ii) on a deferred basis (Class B or Class C shares). See "Shareholders Guide-How to Buy Shares of the Fund" in the Prospectus.

Each class of shares represents an interest in the same portfolio of investments of the Fund and has the same rights, except that (i) each class bears the separate expenses of its Rule 12b-1 distribution and service plan, (ii) each class has exclusive voting rights with respect to its plan, (except that the Fund has agreed with the Securities and Exchange Commission in connection with the offering of a conversion feature on Class B shares to submit any amendment of the Class A distribution and service plan to both Class A and Class B shareholders) and (iii) only Class B shares have a conversion feature. See "Distributor." Each class also has separate exchange privileges. See "Shareholder Investment Account-Exchange Privilege."

Specimen Price Make-up

Under the current distribution arrangements between the Fund and the Distributor, Class A shares of the Fund are sold at a maximum sales charge of 5.00% and Class B* and Class C* shares are sold at net asset value. Using the Fund's net asset value at February 28, 1994, the maximum offering price

of the Fund's shares would be as follows:

<S>	<C>
Class A	
Net asset value and redemption price per Class A share	\$15.11 -----
Maximum sales charge (5.00% of offering price)	\$.80 =====
Offering price to public	\$15.91 =====
Class B	
Net asset value, offering price and redemption price per Class B share* ...	\$14.99 =====
Class C	
Net asset value, offering price and redemption price per Class C share* ...	\$14.99 =====

<FN>

*Class B and Class C shares are subject to a contingent deferred sales charge on certain redemptions. See "Shareholder Guide-How to Sell Your Shares-Contingent Deferred Sales Charges" in the Prospectus.

</TABLE>

Reduction and Waiver of Initial Sales Charges-Class A Shares

Combined Purchase and Cumulative Purchase Privilege. If an investor or eligible group of related investors purchases Class A shares of the Fund concurrently with Class A shares of other Prudential Mutual Funds, the purchases may be combined to take advantage of the reduced sales charges applicable to larger purchases. See the table of breakpoints under "Shareholder Guide-How to Buy Shares of the Fund" in the Prospectus.

An eligible group of related Fund investors includes any combination of the following:

- (a) an individual;
- (b) the individual's spouse, their children and their parents;
- (c) the individual's and spouses's Individual Retirement Account (IRA);
- (d) any company controlled by the individual (a person, entity or group that holds 25% or more of the outstanding voting securities of a company will be deemed to control the company, and a partnership will be deemed to be controlled by each of its general partners);
- (e) a trust created by the individual, the beneficiaries of which are the individual, his or her spouse, parents or children;
- (f) a Uniform Gifts to Minors Act/Uniform Transfers to Minors Act account created by the individual or the individual's spouse; and
- (g) one or more employee benefit plans of a company controlled by an individual.

[In addition, an eligible group of related Fund investors may include an employer (or group of related employers) and one or more qualified retirement plans of such employer or employers (an employer controlling, controlled by or under common control with another employer is deemed related to that employer).]

The Distributor must be notified at the time of purchase that the investor is entitled to a reduced sales charge. The reduced sales charges will be granted subject to confirmation of the investor's holdings.

Rights of Accumulation. Reduced sales charges are also available through Rights of Accumulation, under which an investor or an eligible group of related investors, as described above under "Combined Purchase and Cumulative Purchase Privilege," may aggregate the value of their existing holdings of shares of the Fund and shares of other Prudential Mutual Funds to (excluding money market funds other than those acquired pursuant to the exchange privilege) determine the reduced sales charge. However, the value of shares held directly with the Transfer Agent and through Prudential Securities will not be aggregated to determine the reduced sales charge. All shares must be held either directly with the Transfer Agent or through Prudential Securities. The value of existing holdings for purposes of determining the reduced sales charge is calculated using the maximum offering price (net asset value plus maximum sales charge) as of the previous business day. See "How the Fund Values its Shares" in the Prospectus. The Distributor must be notified at the time of purchase that the investor is entitled to a reduced sales charge. The reduced sales charges will be granted subject to confirmation of the investor's holdings. Rights of Accumulation are not available to individual participants in any retirement or group plans.

Letters of Intent. Reduced sales charges are available to investors (or an eligible group of related investors) who enter into a written Letter of Intent providing for the purchase, within a thirteen-month period, of Class A shares of the Fund and Class A shares of other Prudential Mutual Funds. All Class A shares of the Fund and Class A shares of other Prudential Mutual Funds (excluding money market funds other than those acquired pursuant to the exchange privilege) which were previously purchased and are still owned are also included in determining the applicable reduction. However, the value of shares held directly with the Transfer Agent and through Prudential Securities will not be aggregated to determine the reduced sales charge. All shares must be held directly with the Transfer Agent or through Prudential Securities. The Distributor must be notified at the time of purchase that the investor is entitled to a reduced sales charge. The reduced sales charges will be granted subject to confirmation of the investor's holdings. Letters of Intent are not available to individual participants in retirement or group plans.

A Letter of Intent permits a purchaser to establish a total investment goal to be achieved by any number of investments over a thirteen-month period. Each investment made during the period will receive the reduced sales charge applicable to the amount represented by the goal, as if it were a single investment. Escrowed Class A shares totaling 5% of the dollar amount of the Letter of Intent will be held by the Transfer Agent in the name of the purchaser. The effective date of a Letter of Intent may be back-dated up to 90 days, in order that any investments made during this 90-day period, valued at the purchaser's costs, can be applied to the fulfillment of the Letter of Intent goal.

The Letter of Intent does not obligate the investor to purchase, nor the Fund to sell, the indicated amount. In the event the Letter of Intent goal is not achieved within the thirteen-month period, the purchaser is required to pay the difference between the

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sales charge otherwise applicable to the purchases made during this period and sales charges actually paid. Such payment may be made directly to the Distributor or, if not paid, the Distributor will liquidate sufficient escrowed shares to obtain such difference. If the goal is exceeded in an amount which qualifies for a lower sales charge, a price adjustment is made by refunding to the purchaser the amount of excess sales charge, if any, paid during the thirteen-month period. Investors electing to purchase Class A shares of the Fund pursuant to a Letter of Intent should carefully read such Letter of Intent.

Quantity Discount-Class B Shares Purchased Prior to _____, 1994

The CDSC is reduced on redemptions of Class B shares of the Fund purchased prior to _____, 1994 if immediately after a purchase of such shares, the aggregate cost of all Class B shares of the Fund owned by you in a single account exceeded \$500,000. For example, if you purchased \$100,000 of Class B shares of the Fund and the following year purchase an additional \$450,000 of Class B shares with the result that the aggregate cost of your Class B shares of the Fund following the second purchase was \$550,000, the quantity discount would be available for the second purchase of \$450,000 but not for the first purchase of \$100,000. The quantity discount will be imposed at the following rates depending on whether the aggregate value exceeded \$500,000 or \$1 million:

<TABLE>

Year Since Purchase Payment Made	Contingent Deferred Sales Charge as a Percentage of Dollars Invested or Redemption Proceeds	
	\$500,001 to \$1 million	Over \$1 million
<S>	<C>	<C>
First	3.0%	2.0%
Second	2.0%	1.0%
Third	1.0%	0%
Fourth and thereafter	0%	0%

</TABLE>

You must notify the Fund's transfer Agent either directly or through Prudential Securities or Pursec, at the time of redemption, that you are entitled to the reduced CDSC. The reduced CDSC will be granted subject to confirmation of your holdings.

SHAREHOLDER INVESTMENT ACCOUNT

Upon the initial purchase of Fund shares, a Shareholder Investment Account is established for each investor under which the shares are held for the investor by the Transfer Agent. If a stock certificate is desired, it must be requested in writing for each transaction. Certificates are issued only for full shares and may be redeposited in the Account at any time. There is no charge to the investor for issuance of a certificate. Whenever a transaction takes place in the Shareholder Investment Account, the shareholder will be mailed a statement showing the transaction and the status of the Account. The Fund makes available to the shareholders the following privileges and plans.

Automatic Reinvestment of Dividends and/or Distributions

For the convenience of investors, all dividends and distributions are automatically reinvested in full and fractional shares of the Fund. An investor may direct the Transfer Agent in writing not less than 5 full business days prior to the record date to have subsequent dividends and/or distributions sent in cash rather than reinvested. In the case of recently purchased shares for which registration instructions have not been received on the record date, cash payment will be made directly to the dealer. Any shareholder who receives a cash payment representing a dividend or distribution may reinvest such distribution at net asset value by returning the check or the proceeds to the Transfer Agent within 30 days after the payment date. Such investment will be made at the net asset value per share next determined after receipt of the check or proceeds by the Transfer Agent. Such shareholder will receive credit for any contingent deferred sales charge paid in connection with the amount of proceeds being reinvested.

Exchange Privilege

The Fund makes available to its shareholders the privilege of exchanging their shares of the Fund for shares of certain other Prudential Mutual Funds, including one or more specified money market funds, subject in each case to the minimum investment requirements of such funds. Shares of such other Prudential Mutual Funds may also be exchanged for shares of the Fund. All exchanges are made on the basis of relative net asset value next determined after receipt of an order in proper form. An exchange will be treated as a redemption and purchase for tax purposes. See "Dividends, Distributions and Taxes." Shares may be exchanged for shares of another fund only if shares of such fund may legally be sold under applicable state laws. For retirement and group plan sharing a limited menu of Prudential Mutual Funds, the Exchange Privilege is available for those funds eligible for investment in the particular program.

It is contemplated that the Exchange Privilege may be applicable to new mutual funds whose shares may be distributed by the Distributor.

Class A. Shareholders of the Fund may exchange their Class A and Class C shares for Class A shares of certain other Prudential Mutual Funds, shares of Prudential Government Securities Trust (Intermediate Term Series) and shares of the money market funds specified below. No fee or sales load will be imposed upon the exchange. Shareholders of money market funds who acquired such shares upon exchange of Class A shares may use the Exchange Privilege only to acquire Class A shares of the Prudential Mutual Funds participating in the Exchange Privilege.

The following money market funds participate in the Class A Exchange Privilege:

Prudential California Municipal Fund
(California Money Market Series)

Prudential Government Securities Trust
(Money Market Series)
(U.S. Treasury Money Market Series)

Prudential Municipal Series Fund
(Connecticut Money Market Series)
(Massachusetts Money Market Series)
(New Jersey Money Market Series)
(New York Money Market Series)

Prudential MoneyMart Assets

Prudential Tax-Free Money Fund

Class B and Class C. Shareholders of the Fund may exchange their Class B and Class C shares for Class B and Class C shares, respectively, of certain other Prudential Mutual Funds and shares of Prudential Special Money Market Fund, a money market fund. No CDSC will be payable upon such exchange, but a CDSC may be payable upon the redemption of the Class B and Class C shares acquired as a result of an exchange. The applicable sales charge will be that imposed by the fund in which shares were initially purchased and the purchase date will be deemed to be the first day of the month after the initial purchase, rather than the date of the exchange.

Class B and Class C shares of the Fund may also be exchanged for Class B shares, respectively, of an eligible money market fund without imposition of any CDSC at the time of exchange. Upon subsequent redemption from such money market fund or after re-exchange into the Fund, such shares will be subject to the CDSC calculated by excluding the time such shares were held in the money market fund. In order to minimize the period of time in which shares are subject to a CDSC, shares exchanged out of the money market fund will be exchanged on the basis of their remaining holding periods, with the longest remaining holding periods being transferred first. [In measuring the time period shares are held in a money market fund and "tolled" for purposes of calculating the CDSC holding period, exchanges are deemed to have been made on the last day of the month.] Thus, if shares are exchanged into the Fund from a money market fund during the month (and are held in the Fund at the end of the month), the entire month will be included in the CDSC holding period. Conversely, if shares are exchanged into a money market fund prior to the last day of the month (and are held in the money market fund on the last day of the month), the entire month will be excluded from the CDSC holding period. For purposes of calculating the seven year holding period applicable to the Class B conversion feature, the time period during which Class B shares were held in a money market fund will be excluded.

At any time after acquiring shares of other funds participating in the Class B or Class C exchange privilege, a shareholder may again exchange those shares (and any reinvested dividends and distributions) for Class B or Class C shares of the Fund without subjecting such shares to any CDSC. Shares of any fund participating in the Class B or Class C exchange privilege that were acquired through reinvestment of dividends or distributions may be exchanged for Class B or Class C shares of other funds, respectively, without being subject to any CDSC.

Additional details about the Exchange Privilege and prospectuses for each of the Prudential Mutual Funds are available from the Fund's Transfer Agent, Prudential Securities or Prusec. The Exchange Privilege may be modified, terminated or suspended on sixty days' notice, and any fund, including the Fund, or the Distributor, has the right to reject any exchange application relating to such fund's shares.

Dollar Cost Averaging

Dollar cost averaging is a method of accumulating shares by investing a fixed amount of dollars in shares at set intervals. An investor buys more shares when the price is low and fewer shares when the price is high. The average cost per share is lower than it would be if a constant number of

shares were bought at set intervals.

Dollar cost averaging may be used, for example, to plan for retirement, to save for a major expenditure, such as the purchase of a home, or to finance a college education. The cost of a year's education at a four-year college today averages around \$14,000 at

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a private college and around \$4,800 at a public university. Assuming these costs increase at a rate of 7% a year, as has been projected, for the freshman class of 2007, the cost of four years at a private college could reach \$163,000 and over \$97,000 at a public university.¹

The following chart shows how much you would need in monthly investments to achieve specified lump sums to finance your investment goals.²

Period of Monthly investments:	\$100,000	\$150,000	\$200,000	\$250,000
25 years	\$ 110	\$ 165	\$ 220	\$ 275
20 years	176	264	352	440
15 years	296	444	592	740
10 years	555	833	1,110	1,388
5 years	1,371	2,057	2,742	3,428

See "Automatic Savings Accumulation Plan."

¹Source information concerning the costs of education at public universities is available from The College Board Annual Survey of Colleges, 1992. Information about the costs of private colleges is from the Digest of Education Statistics, 1992; The National Center for Educational Statistics; and the U.S. Department of Education. Average costs for private institutions include tuition, fees, room and board.

²The chart assumes an effective rate of return of 8% (assuming monthly compounding). This example is for illustrative purposes only and is not intended to reflect the performance of an investment in shares of the Fund. The investment return and principal value of an investment will fluctuate so that an investor's shares when redeemed may be worth more or less than their original cost.

Automatic Savings Accumulation Plan (ASAP)

Under ASAP, an investor may arrange to have a fixed amount automatically invested in shares of the Fund monthly by authorizing his or her bank account or Prudential Securities account (including a Command Account) to be debited to invest specified dollar amounts in shares of the Fund. The investor's bank must be a member of the Automatic Clearing House System. Share certificates are not issued to ASAP participants.

Further information about this program and an application form can be obtained from the Transfer Agent, Prudential Securities or Prusec.

Systematic Withdrawal Plan

A systematic withdrawal plan is available to shareholders through Prudential Securities or the Transfer Agent. Such withdrawal plan provides for monthly or quarterly checks in any amount, except as provided below, up to the value of the shares in the shareholder's account. Withdrawals of Class B or Class C shares may be subject to a CDSC. See "Shareholder Guide-How to Sell Your Shares-Contingent Deferred Sales Charges" in the Prospectus.

In the case of shares held through the Transfer Agent (i) a \$10,000 minimum account value applies, (ii) withdrawals may not be for less than \$100 and (iii) the shareholder must elect to have all dividends and/or distributions automatically reinvested in additional full and fractional shares at net asset value on shares held under this plan. See "Shareholder Investment Account-Automatic Reinvestment of Dividends and/or

Distributions."

Prudential Securities and the Transfer Agent act as agents for the shareholder in redeeming sufficient full and fractional shares to provide the amount of the periodic withdrawal payment. The systematic withdrawal plan may be terminated at any time, and the Distributor reserves the right to initiate a fee of up to \$5 per withdrawal, upon 30 days' written notice to the shareholder.

Withdrawal payments should not be considered as dividends, yield or income. If periodic withdrawals continuously exceed reinvested dividends and distributions, the shareholder's original investment will be correspondingly reduced and ultimately exhausted.

Furthermore, each withdrawal constitutes a redemption of shares, and any gain or loss realized must be recognized for federal income tax purposes. In addition, withdrawals made concurrently with the purchases of additional shares are inadvisable because of the sales charge applicable to (i) the purchase of Class A shares and (ii) the withdrawal of Class B and Class C shares. Each shareholder should consult his or her own tax adviser with regard to the tax consequences of the systematic withdrawal plan, particularly if used in connection with a retirement plan.

Tax-Deferred Retirement Plans

Various tax-deferred retirement plans, including a 401(k) plan, self-directed individual retirement accounts and "tax-sheltered accounts" under Section 403(b)(7) of the Internal Revenue Code are available through the Distributor. These plans are

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for use by both self-employed individuals and corporate employers. These plans permit either self-direction of accounts by participants, or a pooled account arrangement. Information regarding the establishment of these plans, the administration, custodial fees and other details are available from Prudential Securities or the Transfer Agent.

Investors who are considering the adoption of such a plan should consult with their own legal counsel or tax adviser with respect to the establishment and maintenance of any such plan.

Tax Deferred Retirement Accounts

Individual Retirement Accounts. An individual retirement account (IRA) permits the deferral of federal income tax on income earned in the account until the earnings are withdrawn. The following chart represents a comparison of the earnings in a personal savings account with those in an IRA, assuming a \$2,000 annual contribution, an 8% rate of return and a 39.6% federal income tax bracket and shows how much more retirement income can accumulate within an IRA as opposed to a taxable individual savings account.

Contributions Made Over: -----	Tax-Deferred Compounding ¹	
	Personal Savings -----	IRA -----
10 years	\$ 26,165	\$ 31,291
15 years	44,675	58,649
20 years	68,109	98,846
25 years	97,780	157,909
30 years	135,346	244,692

1 The chart is for illustrative purposes only and does not represent the performance of the Fund or any specific investment. It shows taxable versus tax-deferred compounding for the periods and on the terms indicated. Earnings in the IRA account will be subject to tax when withdrawn from the account.

NET ASSET VALUE

Net asset value is the net worth of the Fund (assets, including securities at value, minus liabilities) divided by the number of shares

outstanding. Net asset value is calculated separately for each class. The value of investments, traded on a national securities exchange and quoted by NASDAQ National Market System, other than options on stocks, is based on the last sale prices as of the close of the New York Stock Exchange (which is currently 4:00 P.M., New York time), or, in the absence of recorded sales, at the average of readily available closing bid and asked prices on such exchanges. Unlisted securities are valued at the average of the quoted bid and asked prices in the over-the-counter market. Stock options traded on national securities exchanges are valued as of the close of options trading on such exchanges (which is currently 4:10 P.M., New York time). Securities or other assets for which market quotations are not readily available are valued by appraisal at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund's Board of Directors. Short-term investments which mature in 60 days or less are valued at amortized cost if their original maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity. For valuation purposes, quotations of foreign securities in a foreign currency are converted to U.S. dollar equivalents.

The Fund will compute its net asset value once daily as of 4:15 P.M., New York time, on days that the New York Stock Exchange is open for trading except on days on which no orders to purchase, sell or redeem Fund shares have been received or days on which changes in the value of the Fund's portfolio securities do not affect the net asset value. The New York Stock Exchange is closed on the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

In the event that the New York Stock Exchange or the national securities exchanges on which stock options are traded adopt different trading hours on either a permanent or temporary basis, the Board of Directors of the Fund will reconsider the time at which net asset value is computed. In addition, the Fund may compute its net asset value as of any time permitted pursuant to any exemption, order or statement of the Securities and Exchange Commission or its staff.

The net asset value of Class B and Class C shares will generally be lower than the net asset value of Class A shares as a result of the larger distribution-related fee to which Class B and Class C shares are subject. It is expected, however, that the net asset value per share of each class will tend to converge immediately after the recording of dividends which will differ by approximately the amount of the distribution-related expense accrual differential among the classes.

PERFORMANCE INFORMATION

Average Annual Total Return. The Fund may from time to time advertise its average annual total return. Average annual total return is determined separately for Class A, Class B and Class C shares. See "How the Fund Calculates Performance" in the Prospectus.

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Average annual total return is computed according to the following formula:

$$P(1 + T)^n = ERV$$

Where: P = a hypothetical initial payment of \$1,000,
T = average annual total return,
n = number of years,
ERV = ending redeemable value at the end of the 1, 5 or 10 year periods (or fractional portion thereof) of a hypothetical \$1,000 payment made at the beginning of the 1, 5 or 10 year periods.

Average annual total return takes into account any applicable initial or contingent deferred sales charges but does not take into account any federal or state income taxes that may be payable upon redemption.

The average annual total return for Class A shares for the one and four and one-twelfth year periods ended February 28, 1994 was 3.10% and 6.58%, for the Fund. The average annual total return for Class B shares for the one, five and ten year periods ended February 28, 1994 was 3.02%, 8.06% and 8.99%. During these periods, no Class C shares were outstanding.

Aggregate Total Return. The Fund may also advertise its aggregate total

return. Aggregate total return is determined separately for Class A, Class B and Class C shares. See "How the Fund Calculates Performance" in the Prospectus.

Aggregate total return represents the cumulative change in the value of an investment in the Fund and is computed by the following formula:

$$\frac{\text{ERV} - \text{P}}{\text{P}}$$

Where: P = a hypothetical initial payment of \$1,000.

ERV = ending redeemable value of a hypothetical \$1,000 payment made at the beginning of the 1, 5, or 10 year periods at the end of the 1, 5 or 10 year periods (or fractional portion thereof).

Aggregate total return does not take into account any federal or state income taxes that may be payable upon redemption or any applicable initial or contingent deferred sales charges.

The Fund's aggregate total return for Class A shares for the one and four and one-twelfth year periods ended on February 28, 1994 was 3.10% and 29.88%. The aggregate total return for the Class B shares for the one, five and ten year periods ended February 28, 1994 was 3.02%, 46.40% and 151.57%, respectively. During these periods, no Class C shares were outstanding.

From time to time, the performance of the Fund may be measured against various indices. Set forth below is a chart which compares the performance of different types of investments over the long term and the rate of inflation.¹

CHART

¹Source: Ibbotson Associates, "Stocks, Bonds, Bills and Inflation-1993 Yearbook" (annually updates the work of Roger G. Ibbotson and Rex A. Sinquefeld). Common stock returns are based on the Standard & Poor's 500 Stock Index, a market-weighted, unmanaged index of 500 common stocks in a variety of industry sectors. It is a commonly used indicator of broad stock price movements. This chart is for illustrative purposes only, and is not intended to represent the performance of any particular investment or fund.

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TAXES, DIVIDENDS AND DISTRIBUTIONS

The Fund intends to declare semi-annual dividends of the Fund's net investment income. Net capital gains, if any, will be distributed at least annually. In determining amounts of capital gains to be distributed, any capital loss carryforwards from prior years will offset capital gains. Distributions will be paid in additional Fund shares based on the net asset value at the close of business on the record date or any other date as determined by the Directors, unless the shareholder elects in writing not less than five full business days prior to the record date to receive such distributions in cash.

The per share dividends on Class B and Class C shares will be lower than the per share dividends on Class A shares as a result of the higher distribution fee applicable with respect to the Class B shares. Distributions of capital gains, if any, will be paid in the same amount for Class A and B shares. See "Net Asset Value."

The Fund has elected to qualify and intends to remain qualified as a regulated investment company under Subchapter M of the Internal Revenue Code. In order to qualify as a regulated investment company, the Fund must, among other things, (a) derive at least 90% of its gross income from dividends, interest, proceeds from securities loans, gains from the sale or other disposition of securities or foreign currencies and other income (including, but not limited to, gains from options, futures or forward contracts) derived with respect to its business of investing in such securities or currencies; (b) derive less than 30% of its gross income from the sale or other disposition of securities held less than three months; and (c) diversify its holdings so that, at the end of each fiscal quarter, (i) at least 50% of the market value of the Fund's assets is represented by cash, U.S. Government securities and other securities limited, in respect of any one issuer, to an amount not greater than 5% of the Fund's assets and 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its assets is invested in the securities of any one issuer (other than U.S. Government securities). In addition, in order to qualify as a regulated investment company, the Fund must distribute to its shareholders as ordinary dividends at least 90% of its net investment income including short-term capital gains.

To the extent it does not meet certain distribution requirements by the end of the calendar year, the Fund will be subject to a non-deductible 4% excise tax on the undistributed amount. For purposes of this excise tax, income on which the Fund pays income tax is treated as distributed.

Gains or losses on sales of securities by the Fund will be long-term capital gains or losses if the securities have been held by it for more than one year, except in certain cases where the Fund acquires a put or a call thereon or makes a short sale against-the-box. Other gains or losses on the sale of securities will be short-term capital gains or losses. If an option written by the Fund lapses or is terminated through a closing transaction, such as a repurchase by the Fund of the option from its holder, the Fund will realize a short-term capital gain or loss, depending on whether the premium income is greater or less than the amount paid by the Fund in the closing transaction. If securities are sold by the Fund pursuant to the exercise of a call option written by it, the Fund will add the premium received to the sale price of the securities delivered in determining the amount of gain or loss on the sale. If securities are purchased by the Fund pursuant to the exercise of a put option written by it, the Fund will subtract the premium received from its cost basis in the securities purchased. Certain transactions of the Fund may be subject to wash sale, short sale and straddle provisions of the Internal Revenue Code and the 30% limitation on gains derived from securities held less than three months may limit the Fund's ability to engage in such transactions. In addition, debt securities acquired by the Fund may be subject to original issue discount and market discount rules.

Special rules will apply to most options on stock indices, futures contracts and options thereon, and forward foreign currency exchange contracts in which the Fund may invest. See "Investment Objective and Policies." These investments will generally constitute "Section 1256 contracts" and will be required to be "marked to market" for federal income tax purposes at the end of the Fund's taxable year; that is, treated as having been sold at market value. Except with respect to forward foreign currency exchange contracts, 60% of any gain or loss recognized on such "deemed sales" and on actual dispositions will be treated as long-term capital gain or loss, and the remainder will be treated as short-term capital gain or loss. The Fund's ability to invest in forward foreign currency exchange contracts, options on equity securities and on stock indices, futures contracts and options thereon may be limited by the 30% limitation on gains derived from securities held less than three months, discussed above.

Income received by the Fund from sources within foreign countries may be subject to withholding and other taxes imposed by such countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes. It is impossible to determine the effective rate of foreign tax in advance since the amount of the Fund's assets to be invested in various countries is not known.

Any loss realized on a sale, redemption or exchange of shares of the Fund by a shareholder will be disallowed to the extent the shares are replaced within a 61-day period (beginning 30 days before the disposition of shares). Shares purchased pursuant to the reinvestment of a dividend will constitute a replacement of shares.

A shareholder who sells or otherwise disposes of such shares within 90 days of acquisition may not be allowed to include certain sales charges incurred in acquiring such shares for purposes of calculating gain or loss realized upon a sale or exchange of shares of the Fund.

The per share dividends on Class B and Class C shares will be lower than the per share dividends on Class A shares as a result of the higher distribution-related fee applicable to the Class B and Class C shares. The per share distributions of net capital gains, if any, will be paid in the same amount for Class A, Class B and Class C shares. See "Net Asset Value."

Any dividends or distributions paid shortly after a purchase by an investor may have the effect of reducing the per share net asset value of the investor's shares by the per share amount of the dividends or distributions. Furthermore, such dividends or distributions, although in effect a return of capital, are subject to federal income taxes. Prior to purchasing shares of the Fund, therefore, the investor should carefully consider the impact of dividends or capital gains distributions which are expected to be or have been announced.

Dividends and distributions may also be subject to state and local taxes.

Pennsylvania Personal Property Tax. The Fund has obtained a written letter of determination from the Pennsylvania Department of Revenue that the Fund is subject to the Pennsylvania foreign franchise tax based upon its business activities in Pennsylvania. Accordingly, it is expected that Fund shares will be exempt from Pennsylvania personal property taxes. The Fund anticipates that it will continue such business activities but reserves the right to suspend them at any time, resulting in the termination of the exemption.

Other Tax Information. The Fund may also be subject to state or local tax in certain other states where it is deemed to be doing business. Further, in those states which have income tax laws, the tax treatment of the Fund and of shareholders of the Fund with respect to distributions by the Fund may differ from federal tax treatment. Distributions to shareholders may be subject to additional state and local taxes.

Statements as to the tax status of distributions to stockholders of the Fund will be mailed annually. Shareholders are urged to consult their own tax advisers regarding specific questions as to federal, state or local taxes.

CUSTODIAN, TRANSFER AND DIVIDEND DISBURSING AGENT
AND INDEPENDENT ACCOUNTANTS

State Street Bank and Trust Company, One Heritage Drive, North Quincy, Massachusetts 02171, serves as Custodian for the Fund's portfolio securities and cash and, in that capacity, maintains certain financial and accounting books and records pursuant to an agreement with the Fund. See "How the Fund Is Managed-Custodian and Transfer and Dividend Disbursing Agent" in the Prospectus.

Prudential Mutual Fund Services, Inc. ("PMFS"), Raritan Plaza One, Edison, New Jersey 08837, serves as the Transfer and Dividend Disbursing Agent of the Fund. It is a wholly-owned subsidiary of PMF. PMFS provides customary transfer agency services to the Fund, including the handling of shareholder communications, the processing of shareholder transactions, the maintenance of shareholder account records, payment of dividends and distributions, and related functions. For these services, PMFS receives an annual fee per shareholder account, a new account set-up fee for each manually-established account and a monthly inactive zero balance account fee per shareholder account. PMFS is also reimbursed for its out-of-pocket expenses, including, but not limited to, postage, stationery, printing, allocable communications expenses and other costs. For the fiscal year ended February 28, 1994, the Fund incurred fees of approximately \$432,000 for the services of PMFS.

Price Waterhouse, 1177 Avenue of the Americas, New York, New York 10036, serves as the Fund's independent accountants and in that capacity audits the Fund's annual financial statements.

Shares <C>	Description <S>	Value (Note 1) <C>
	LONG-TERM INVESTMENTS	
	Common Stock--85.7%	
	Aerospace/Defense--2.0%	
45,000	Allied-Signal, Inc.....	\$ 3,436,875
15,000	Boeing Co.....	701,250

		4,138,125

	Airlines--3.9%	
100,000	AMR Corp.....	5,025,000
90,000	Southwest Airlines Co.....	3,071,250

		8,096,250

	Asset Management--1.1%	
45,000	John Nuveen Co.....	1,051,875
25,000	U.S. Trust Corp.....	1,268,750

		2,320,625

	Banking--3.1%	
45,000	C S Holding (ADR) (Switzerland).....	998,437
55,000	First Security Corp.....	1,595,000
45,000	Leader Financial Corp.*.....	905,625
45,000	Southern National Corp.....	900,000
80,000	West One Bancorp.....	2,130,000

		6,529,062

	Business Services--5.3%	
157,000	First Financial Mgmt. Corp.....	9,243,375
34,800	SPS Transaction Services.....	1,861,800

		11,105,175

	Chemicals--0.7%	
12,800	Air Products & Chemicals, Inc.....	609,600
40,000	Praxair, Inc.....	750,000

		1,359,600

	Chemical-Specialty--1.8%	
58,000	Ferro Corp.....	2,022,750
37,200	IMC Fertilizer Group, Inc....	1,701,900

		3,724,650

	Computer & Related Equipment--3.6%	
15,000	Compaq Computer Corp.*.....	1,481,250
185,000	EMC Corp.....	\$ 3,584,375
	General Instrument Corp.*.....	1,539,688
32,500		
5,000	International Business Machines Corp.....	264,375
7,000	Motorola, Inc.....	732,795

		7,602,483

	Computer Software & Services--8.1%	
50,000	AutoDesk, Inc.....	2,887,500
80,000	BISYS Group, Inc.*.....	1,500,000
	Computer Associates International, Inc....	7,717,500
210,000		
25,000	Informix Corporation....	587,500
125,000	Oracle Systems Corp.*...	4,125,000

		16,817,500

	Consumer Products--2.6%	
65,000	Colgate-Palmolive Co....	4,233,125
	Paragon Trade Brands, Inc.*.....	1,168,125
35,000		

		5,401,250

	Electronics--1.3%	
70,000	Paging Network, Inc.*...	1,960,000
	Reliance Electric	
45,000	Co.*.....	781,875

		2,741,875

	Exploration & Production--1.1%	
20,000	Cabot Corp.....	1,040,000
	Potash Corp.	
45,000	Saskatchewan, Inc.....	1,164,375

		2,204,375

	Financial Services--1.2%	
97,000	CTL Credit, Inc.*.....	1,333,750
75,667	Mercury Finance Corp....	1,153,917

		2,487,667

</TABLE>

See Notes to Financial Statements.

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PRUDENTIAL GROWTH FUND, INC.

<TABLE>

<CAPTION>

Shares	Description	Value
<C>	<S>	(Note 1)
		<C>
	Food & Beverage--2.1%	
30,000	Brothers Gourmet Coffees,	
	Inc.....	\$ 532,500
40,000	Celestial Seasonings,	
	Inc.*.....	1,150,000
395,000	RJR Nabisco Hldgs. Corp.*....	2,715,625

		4,398,125

	Health Care Services (HMO)--1.9%	
15,000	Oxford Health Plans, Inc.*...	967,500
50,000	Ramsay-HMO, Inc.*.....	2,687,500
10,000	Sierra Health Services,	
	Inc.*.....	282,500

		3,937,500

	Home Building & Real Estate--1.6%	
40,000	McArthur Glen Realty	
	Corp.....	1,110,000
60,000	Southern Energy Homes,	
	Inc.*.....	1,035,000
40,000	TJ International, Inc.....	1,090,000

		3,235,000

	Hotel/Motel--4.2%	
30,000	Hilton Hotels Corp.....	2,178,750
72,500	Hospitality Franchise	
	Systems, Inc.*.....	4,277,500
56,600	Louisiana Quinta Inns,	
	Inc.....	2,200,325

		8,656,575

	Insurance/Annuity--4.5%	
95,000	Amvestors Financial Corp.*...	1,021,250
120,000	Equitable of Iowa Companies,	
	Inc.....	4,185,000
120,000	SunAmerica, Inc.....	4,260,000

		9,466,250

	Leisure--0.5%	
15,000	Disney (Walt) Co.....	721,875
10,000	Hollywood Park, Inc.....	234,375

		956,250

	Machinery & Equipment--11.1%	
13,500	Caterpillar, Inc.....	1,463,063

12,500	Cincinnati Milacron, Inc.....	292,000
24,000	Deere & Co.....	2,025,000
65,000	Flow International Corp.*....	414,375
88,500	Illinois Tool Works, Inc.....	3,805,500
115,000	Stewart & Stevenson Services, Inc.....	\$ 5,721,250
15,000	Trinity Industries, Inc.....	665,625
195,000	Variety Corp.*.....	8,872,500

		23,259,313

Medical Supplies--1.3%		
70,000	Patterson Dental Co.*...	2,283,750
20,000	Resound Corp.*.....	375,000

		2,658,750

Mineral Resources--0.3%		
30,000	Placer Dome, Inc.....	723,750

Office Equipment & Supplies--1.0%		
20,000	Singer Co.....	754,076
30,000	Viking Office Products, Inc.*.....	1,402,500

		2,156,576

Paper & Forest Products--0.8%		
40,000	Louisiana Pacific Corp.....	1,720,000

Pharmaceuticals--1.4%		
50,000	Ivax Corp.....	1,756,250
54,000	Syncor International Corp.*.....	1,174,500

		2,930,750

Railroads--2.9%		
30,000	Consolidated Rail Corp.....	1,863,750
30,000	CSX Corp.....	2,640,000
42,700	Illinois Central Corp.....	1,526,525

		6,030,275

Retail-General Merchandise--0.5%		
20,000	Kohls Corp.*.....	1,020,000

Retail-Specialty--3.4%		
55,000	Home Depot, Inc.....	2,289,375
35,000	Tandy Corp.....	1,452,500
40,000	Lowe's Companies, Inc....	2,645,000
55,000	Ultimate Electronics, Inc.*.....	605,000

		6,991,875

</TABLE>

See Notes to Financial Statements.

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PRUDENTIAL GROWTH FUND, INC.

<TABLE>

<CAPTION>

Shares <C>	Description <S>	Value (Note 1) <C>
205,000	Steel--2.1% Bethlehem Steel Corp.*.....	\$ 4,458,750

35,000	Telecommunications--4.6% British Telecommunications PLC (ADR) (Great Britain).....	2,288,125
25,000	Cable & Wireless Public Ltd. Co. (ADR) (Great Britain).....	531,250

30,000	MCI Communications Corp.....	822,500
15,000	Nextel Communications Inc....	639,990
135,900	Telefonica de Espana (ADR) (Spain).....	5,385,037

		9,666,902

	Textiles--0.9%	
50,000	Phillips Van Heusen Corp.....	1,781,250

	Transportation--2.4%	
20,000	Kansas City Southern Industries, Inc.....	902,500
95,000	XTRA Corp.....	4,203,750

		5,106,250

	Trucking & Shipping--1.8%	
70,000	Airborne Freight Corp.....	2,607,500
70,000	Anangel-Amer. Shipholdings (ADR) (Cayman Islands)....	1,251,250

		3,858,750

	Waste Management--0.6%	
15,000	Mid-American Waste Systems, Inc.....	142,500
45,000	WMX Technologies, Inc.....	1,108,125

		1,250,625

	Total long-term investments (cost \$154,924,206).....	178,792,153

</TABLE>

<TABLE>
<CAPTION>
Par Value

(000)	Description	Value (Note 1)
<C>	<S>	<C>
	SHORT-TERM INVESTMENTS	
	Commercial Paper--6.1%	
\$ 6,800	Koch Industries 3.47%, 3/1/94.....	\$ 6,800,000
	Receivables Capital Corporation	
6,000	3.25%, 3/1/94.....	6,000,000

	Total short-term investments (cost \$12,800,000).....	12,800,000

	Total investments before short sales--91.8%	
	(cost \$167,724,206; Note 4).....	191,592,153

Shares	COMMON STOCKS SOLD SHORT--(.3%)	

	Commercial Bank State Street Bank & Trust Company.....	(372,500)
10,000		
	International Telecommunications HK Telecom*.....	(284,375)
5,000		

	Total investments sold short (proceeds \$656,178).....	(656,875)

	Total investments, net of short sales--91.5%.....	190,935,278
	Other assets in excess of liabilities--8.5%.....	17,649,282

	Net Assets--100%.....	\$208,584,560

</TABLE>

* Non-income producing security.
ADR--American Depository Receipt.

See Notes to Financial Statements.

PRUDENTIAL GROWTH FUND, INC.
Statement of Assets and Liabilities

<TABLE>

<CAPTION>

Assets	February 28, 1994
<S>	<C>
Investments, at value (cost \$167,724,206).....	\$ 191,592,153
Cash.....	53,769
Receivable for investments sold.....	23,610,910
Receivable for Fund shares sold.....	1,873,430
Dividends receivable.....	301,352
Other assets.....	17,389

Total assets.....	217,449,003

Liabilities	
Payable for investments purchased.....	6,959,959
Investments sold short, at value (proceeds \$656,178).....	656,875
Payable for Fund shares reacquired.....	565,770
Accrued expenses.....	422,159
Distribution fee payable.....	158,828
Management fee payable.....	100,852

Total liabilities.....	8,864,443

Net Assets.....	\$ 208,584,560

Net assets were comprised of:	
Common stock, at par.....	\$ 139,105
Paid-in capital in excess of par.....	176,251,278

	176,390,383
Accumulated net investment loss.....	(745,215)
Accumulated net realized gain on investments.....	9,072,142
Net unrealized appreciation on investments.....	23,867,250

Net assets, February 28, 1994.....	\$ 208,584,560

Class A:	
Net asset value and redemption price per share	
(\$5,469,467 / 361,879 shares of common stock issued and outstanding).....	\$15.11
Maximum sales charge (5.25% of offering price).....	.84

Maximum offering price to public.....	\$15.95

Class B:	
Net asset value, offering price and redemption price per share	
(\$203,115,093 / 13,548,588 shares of common stock issued and outstanding).....	\$14.99

</TABLE>

See Notes to Financial Statements.

PRUDENTIAL GROWTH FUND, INC.
Statement of Operations

<TABLE>

<CAPTION>

	Year Ended February 28, 1994
Net Investment Loss	-----
<S>	<C>
Income	
Dividends (net of foreign withholding taxes of \$61,241).....	\$ 3,073,793
Interest.....	355,411

Total income.....	3,429,204

Expenses	
Distribution fee--Class A.....	8,690
Distribution fee--Class B.....	2,180,398

Management fee.....	1,388,821
Transfer agent's fees and expenses.....	550,000
Custodian's fees and expenses.....	189,000
Reports to shareholders.....	100,000
Registration fees.....	88,000
Audit fee.....	55,000
Directors' fees.....	48,750
Legal fees.....	40,000
Franchise taxes.....	29,000
Miscellaneous.....	24,558

Total expenses.....	4,702,217

Net investment loss.....	(1,273,013)

Realized and Unrealized Gain (Loss) on Investments	
Net realized gain (loss) on:	
Investment transactions.....	31,254,806
Written options.....	19,731
Futures transactions.....	25,428
Investments sold short.....	(412,051)

	30,887,914

Net change in unrealized appreciation on:	
Investments.....	(12,403,556)
Investments sold short.....	(697)

	(12,404,253)

Net gain on investments.....	18,483,661

Net Increase in Net Assets Resulting from Operations.....	\$17,210,648

</TABLE>

PRUDENTIAL GROWTH FUND, INC.
Statement of Changes in Net Assets

<TABLE>

<CAPTION>

Increase (Decrease) in Net Assets	Year Ended February 28,	
	1994	1993
<S>	<C>	<C>
	-----	-----
Operations		
Net investment income (loss).....	\$ (1,273,013)	\$ 946,136
Net realized gain on investments.....	30,887,914	8,855,184
Net change in unrealized appreciation of investments.....	(12,404,253)	(4,195,990)
	-----	-----
Net increase in net assets resulting from operations.....	17,210,648	5,605,330
	-----	-----
Net equalization debits.....	(76,178)	(162,716)
	-----	-----
Dividends and distributions (Note 1)		
Dividends to shareholders from net investment income		
Class A.....	--	(44,533)
Class B.....	--	(1,113,083)
	-----	-----
	--	(1,157,616)
	-----	-----
Distributions to shareholders from net realized capital gains		
Class A.....	(488,857)	(148,147)
Class B.....	(25,505,673)	(7,810,315)
	-----	-----
	(25,994,530)	(7,958,462)
	-----	-----
Fund share transactions		

(Note 5)		
Proceeds from shares sold.....	33,043,389	140,851,772
Net asset value of shares issued in reinvestment of dividends and distributions.....	24,494,400	8,521,054
Cost of shares reacquired.....	(80,947,271)	(185,872,452)
	-----	-----
Net decrease in net assets from Fund share transactions.....	(23,409,482)	(36,499,626)
	-----	-----
Total decrease.....	(32,269,542)	(40,173,090)
	-----	-----
Net Assets		
Beginning of year.....	240,854,102	281,027,192
	-----	-----
End of year.....	\$208,584,560	\$240,854,102
	-----	-----

</TABLE>

See Notes to Financial Statements.

See Notes to Financial Statements.

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PRUDENTIAL GROWTH FUND, INC.
Notes to Financial Statements

Prudential Growth Fund, Inc. (the "Fund"), is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. The Fund's investment objective is to seek a high total return consistent with reasonable risk through allocating assets among equity securities, fixed-income securities and cash based on an evaluation of current market and economic conditions.

Note 1. Accounting Policies
The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Security Valuation: Investments traded on an exchange and NASDAQ National Market Equity Securities are valued at the last reported sales price on the primary exchange on which they are traded. Securities traded in the over-the-counter market (including securities listed on exchanges whose primary market is believed to be over-the-counter) and listed securities for which no sales were reported on that date are valued at the mean between the last reported bid and asked prices. Stock options traded on national securities exchanges are valued at the closing prices on such exchanges. Securities for which market quotations are not readily available are valued at fair value as determined in good faith by, or under the direction of, the Fund's Board of Directors.

Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost.

Securities Transactions and Investment Income: Securities transactions are recorded on the trade date. Realized gains or losses on sales of securities are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date; interest income is recorded on the accrual basis. Net investment income/loss (other than distribution fees) and unrealized and realized gains or losses are allocated daily to each class of shares of the Fund based upon the relative proportion of net assets of each class at the beginning of the day.

Financial Futures Contracts: A financial futures contract is an agreement to purchase (long) or sell (short) an agreed amount of securities at a set price for delivery on a future date. Upon entering into a financial futures contract, the Fund is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This amount is known as the "initial margin". Subsequent payments, known as "variation margin", are made or received by the Fund each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded for financial statement purposes on a daily basis as unrealized gains or losses until the contracts expire or are closed, at which time the gains or losses are reclassified to realized gain or loss. The Fund invests in financial futures contracts solely for the purpose of hedging its existing portfolio securities or securities the Fund intends to purchase against fluctuations in value caused by changes in prevailing market interest rates. Should interest

rates move unexpectedly, the Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates and the underlying hedged assets. There were no financial futures contracts outstanding at February 28, 1994.

Option Writing: When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current market value of the option written. Premiums received from writing options which expire unexercised are treated by the Fund on the expiration date as realized gains from the sale of options. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has realized a gain or loss. If a put option is exercised, the premium reduces the cost basis of the securities purchased by the Fund. The Fund, as writer of an option, may have no control over whether the underlying securities may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the security underlying the written option. There were no written options outstanding at February 28, 1994.

Short Sales: The Fund may sell a security it does not own in anticipation of a decline in the market value of that security (short sale). When the Fund makes a short sale, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale as collateral for its obligation to deliver the security upon conclusion of

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the sale. The Fund may have to pay a fee to borrow the particular security and may be obligated to pay over any payments received on such borrowed securities. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in magnitude, will be recognized upon the termination of a short sale if the market price at termination is less than or greater than, respectively, the proceeds originally received.

Equalization: The Fund follows the accounting practice known as equalization, by which a portion of the proceeds from sales and costs of reacquisitions of Fund shares, equivalent on a per share basis to the amount of distributable net investment income on the date of the transaction, is credited or charged to undistributed net investment income. As a result, undistributed net investment income per share is unaffected by sales or reacquisitions of the Fund's shares.

Dividends and Distributions: The Fund expects to pay dividends of net investment income, if any, semi-annually and make distributions at least annually of any net capital gains. Dividends and distributions are recorded on the ex-dividend date.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles.

Reclassification of Capital Accounts: Effective March 1, 1993, the Fund began accounting and reporting for distributions to shareholders in accordance with Statement of Position 93-2: Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. As a result of this statement, the Fund changed the classification of distributions to shareholders to better disclose the differences between financial statement amounts and distributions determined in accordance with income tax regulations. The effect caused by adopting this statement was to increase paid-in capital by \$1,672,698, decrease undistributed net investment income by \$1,652,300, and decrease accumulated net realized gains by \$20,398 compared to amounts previously reported through February 28, 1993. During the year ended February 28, 1994, the Fund reclassified \$1,273,013 of net operating losses to accumulated net realized gains; there was no net effect on paid in capital. Net investment income, net realized gains, and net assets were not effected by this change.

Federal Income Taxes: It is the Fund's policy to continue to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable net income to its shareholders. Therefore, no federal income tax provision is required.

Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rates.

Note 2. Agreements The Fund has a management agreement with Prudential Mutual Fund Management, Inc. ('PMF'). Pursuant to this agreement, PMF has responsibility for all investment advisory services and supervises the subadviser's performance of such services. PMF has a subadvisory agreement with Greg A. Smith Asset Management Corporation ('GSAM'); GSAM furnishes investment advisory services to PMF in

connection with the management of the Fund. PMF pays for the subadviser's services, compensation of officers of the Fund, occupancy and certain clerical and bookkeeping costs of the Fund. The Fund bears all other costs and expenses.

The management fee paid to PMF is computed daily and payable monthly, at an annual rate of .625 of 1% of the Fund's average daily net assets up to \$500 million, .55 of 1% of the next \$500 million of average daily net assets and .50 of 1% of such assets in excess of \$1 billion. Pursuant to the subadvisory agreement, PMF compensates the subadviser for its services in connection with the management of the Fund at an annual rate of .375 of 1% of the Fund's average daily net assets up to \$500 million, .35 of 1% of the next \$500 million of average daily net assets and .30 of 1% of such average daily net assets in excess of \$1 billion. During the year ended February 28, 1994, PMF earned \$1,388,821 in management fees of which it paid \$833,292 to GSAM under the foregoing agreements.

The Fund has distribution agreements with Prudential Mutual Fund Distributors, Inc. ('PMFD'), who acts as the distributor of the Class A shares of the Fund, and Prudential Securities Incorporated ('PSI') who acts as distributor of the Class B shares of the Fund (collectively the 'Distributors'). To reimburse the Distributors for their expenses incurred in distributing and servicing the Fund's Class A and B shares, the Fund, pursuant to plans of distribution, pays the Distributors a reimbursement, accrued daily and payable monthly.

Pursuant to the Class A Plan, the Fund reimburses PMFD for its expenses with respect to Class A shares at an annual rate of up to .30 of 1% of the average daily net assets of the Class A shares. Such expenses under the Class A Plan were .20 of 1% of the average daily net assets of the Class A shares for the ten months ended December 31, 1993. Effective January 1, 1994, the Class A plan distribution expenses were increased to .25 of 1% of the average daily net assets. PMFD pays various broker-dealers, including PSI and Pruco Securities Corporation ('Prusec'), affiliated broker-dealers,

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for account servicing fees and other expenses incurred by such broker-dealers.

Pursuant to the Class B Plan, the Fund reimburses PSI for its distribution-related expenses with respect to Class B shares at an annual rate of up to 1% of the average daily net assets of the Class B shares.

The Class B distribution expenses include commission credits for payment of commissions and account servicing fees to financial advisers and an allocation for overhead and other distribution-related expenses, interest and/or carrying charges, the cost of printing and mailing prospectuses to potential investors and of advertising incurred in connection with the distribution of shares.

The Distributors recover the distribution expenses and service fees incurred through the receipt of reimbursement payments from the Fund under the plans, and the receipt of initial sales charges (Class A only) and contingent deferred sales charges (Class B only) from shareholders.

PMFD has advised the Fund that it has received approximately \$44,200 in front-end sales charges resulting from sales of Class A shares during the year ended February 28, 1994. From these fees, PMFD paid such sales charges to dealers (PSI & Prusec) which in turn paid commissions to salespersons and incurred other distribution costs.

With respect to the Class B Plan, at any given time the amount of expenses incurred by PSI in distributing the Fund's shares and not recovered through the imposition of contingent deferred sales charges in connection with certain redemptions of shares may exceed the total reimbursement made by the Fund pursuant to the Class B Plan. PSI advised the Fund that for the year ended February 28, 1994 it received approximately \$249,900 in contingent deferred sales charges imposed upon certain redemptions by investors. PSI, as distributor, has also advised the Fund that at February 28, 1994, the amount of distribution expenses incurred by PSI and not yet reimbursed by the Fund or recovered through contingent deferred sales charges approximated \$757,900. This amount may be recovered through future payments under the Class B Plan or contingent deferred sales charges.

In the event of termination or noncontinuation of the Class B Plan, the Fund would not be contractually obligated to pay PSI, as distributor, for any expenses not previously reimbursed or recovered through contingent deferred sales charges.

PMFD is a wholly-owned subsidiary of PMF; PSI and PMF are indirect wholly-owned subsidiaries of The Prudential Insurance Company of America.

Note 3. Other Transactions with Affiliates Prudential Mutual Fund Services, Inc. ('PMFS'), a wholly-owned subsidiary of PMF, serves as the Fund's transfer agent. For the

year ended February 28, 1994, the Fund incurred fees of approximately \$432,000 for the services of PMFS. As of February 28, 1994, approximately \$33,000 of such fees were due to PMFS. Transfer agent fees and expenses in the Statement of Operations also include certain out-of-pocket expenses paid to non-affiliates.

For the year ended February 28, 1994, PSI earned approximately \$31,000 in brokerage commissions from portfolio transactions executed on behalf of the Fund.

Note 4. Portfolio Securities Purchases and sales of investment securities, other than short-term investments, for the year ended February 28, 1994 were \$374,397,446 and \$443,312,321, respectively.

The federal income tax basis of the Fund's investments at February 28, 1994 was \$167,806,047, and accordingly, net unrealized appreciation for federal income tax purposes was \$23,786,106 (gross unrealized appreciation--\$27,201,876; gross unrealized depreciation--\$3,415,770).

Transactions in options written during the year ended February 28, 1994, were as follows:

	Number of Contracts	Premiums Received
	-----	-----
<S>	<C>	<C>
Options written.....	500	\$185,494
Options terminated in closing purchase transactions.....	(410)	(152,105)
Options expired.....	(90)	(33,389)
	-----	-----
Options outstanding at February 28, 1994.....	-0-	-0-
	-----	-----
	-----	-----

Note 5. Capital Class A shares are sold with a front-end sales charge of up to 5.25%. Class B shares are sold with a contingent deferred sales charge which declines from 5% to zero depending on the period of time the shares are held. Both classes of shares have equal rights as to earnings, assets and voting privileges except that each class bears different distribution expenses and has exclusive voting rights with respect to its distribution plan.

There are 500 million shares of common stock, \$.01 par value per share, divided into two classes, designated Class A and Class B common stock, each of which consists of 250 million authorized shares.

Transactions in shares of common stock were as follows:

Class A	Shares	Amount
<S>	<C>	<C>
	-----	-----
Year ended February 28, 1994:		
Shares sold.....	574,337	\$ 9,064,280
Shares issued in reinvestment of distributions.....	31,195	464,547
Shares reacquired.....	(514,635)	(8,182,012)
	-----	-----
Net increase in shares outstanding.....	90,897	\$ 1,346,815
	-----	-----
	-----	-----

Class A	Shares	Amount
<S>	<C>	<C>
	-----	-----
Year ended February 28, 1993:		
Shares sold.....	808,694	\$ 12,148,432
Shares issued in reinvestment of dividends and distributions.....	12,430	186,216
Shares reacquired.....	(878,566)	(13,201,021)
	-----	-----
Net decrease in shares outstanding.....	(57,442)	\$ (866,373)

<CAPTION>	Shares	Amount
Class B		
<S>	<C>	<C>
Year ended February 28, 1994:		
Shares sold.....	1,528,319	\$ 23,979,109
Shares issued in reinvestment of distributions.....	1,620,447	24,029,853
Shares reacquired.....	(4,630,005)	(72,765,259)
Net decrease in shares outstanding.....	(1,481,239)	\$ (24,756,297)
Class B		
Year ended February 28, 1993:		
Shares sold.....	8,684,206	\$ 128,703,340
Shares issued in reinvestment of dividends and distributions.....	558,437	8,334,838
Shares reacquired.....	(11,603,701)	(172,671,431)
Net decrease in shares outstanding.....	(2,361,058)	\$ (35,633,253)

</TABLE>

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PRUDENTIAL GROWTH FUND, INC.
Financial Highlights

<TABLE>

<CAPTION>

	Class A					Class B				
	Year Ended February 28/29,				January 22, 1990 (D)	Year Ended February 28/29,				
PER SHARE OPERATING PERFORMANCE:	1994	1993	1992**	1991	February 28, 1990	1994	1993	1992**	1991	1990
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period.....	\$15.74	\$15.84	\$14.91	\$14.47	\$ 14.45	\$ 15.74	\$ 15.86	\$ 14.92	\$ 14.46	\$ 13.40
Income from investment operations										
Net investment income (loss).....	.03	.19	.21	.27	.01	(.09)	.06	.11	.17	.26
Net realized and unrealized gain on investment transactions...	1.29	.37	1.75	.64	.01	1.29	.37	1.73	.65	1.21
Total from investment operations...	1.32	.56	1.96	.91	.02	1.20	.43	1.84	.82	1.47
Less distributions										
Dividends from net investment income.....	--	(.18)	(.29)	(.26)	--	--	(.07)	(.16)	(.16)	(.41)
Distributions from net realized gains.....	(1.95)	(.48)	(.74)	(.21)	--	(1.95)	(.48)	(.74)	(.20)	--
Total										

distributions...	(1.95)	(.66)	(1.03)	(.47)	--	(1.95)	(.55)	(.90)	(.36)	(.41)
Net asset value, end of period.....	\$15.11	\$15.74	\$15.84	\$14.91	\$ 14.47	\$ 14.99	\$ 15.74	\$ 15.86	\$ 14.92	\$ 14.46
TOTAL RETURN#....	8.81%	3.74%	13.76%	6.74%	.14%	8.02%	2.91%	12.80%	6.03%	10.90%
RATIOS/SUPPLEMENTAL DATA:										
Net assets, end of period (000).....	\$5,469	\$4,264	\$5,202	\$1,105	\$ 147	\$ 203,115	\$236,590	\$275,826	\$277,282	\$327,406
Average net assets (000)...	\$4,172	\$4,177	\$2,126	\$ 705	\$ 41	\$ 218,040	\$246,195	\$270,211	\$291,028	\$359,942
Ratios to average net assets:										
Expenses, including distribution fees.....	1.34%	1.29%	1.35%	1.46%	1.49%*	2.13%	2.09%	2.15%	2.26%	1.70%
Expenses, excluding distribution fees.....	1.13%	1.09%	1.15%	1.26%	1.29%*	1.13%	1.09%	1.15%	1.26%	0.97%
Net investment income (loss).....	.20%	1.13%	1.37%	1.94%	3.39%*	(.59)%	0.37%	0.74%	1.14%	1.71%
Portfolio turnover.....	178%	99%	146%	77%	76%	178%	99%	146%	77%	76%

</TABLE>

* Annualized.

** Calculated based upon weighted average shares outstanding during the year.

(D) Commencement of offering of Class A shares.

Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total returns for periods of less than one full year are not annualized.

See Notes to Financial Statements.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Prudential Growth Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Prudential Growth Fund, Inc. (the "Fund") at February 28, 1994, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; 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 generally accepted auditing standards 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 securities at February 28, 1994 by correspondence with the custodian and brokers and the application of alternative auditing procedures where confirmations from brokers were not received, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE

1177 Avenue of the Americas
New York, New York
April 7, 1994

PART C

OTHER INFORMATION

Item 24. Financial Statements and Exhibits

(a) Financial Statements:

(1) Financial Statements included in the Prospectus constituting Part A of this Registration Statement:

Financial Highlights

(2) Financial Statements included in the Statement of Additional Information constituting Part B of this Registration Statement:

Report of Independent Accountants.

Portfolio of Investments at February 28, 1994.

Statement of Assets and Liabilities at February 28, 1994.

Statement of Operations for the year ended February 28, 1994.

Statement of Changes in Net Assets for the years ended February 28, 1994 and February 28, 1993.

Notes to Financial Statements.

Financial Highlights.

(b) Exhibits:

1. (a) Amended and Restated Articles of Incorporation, incorporated by reference to Exhibit No. 1(c) to Post-Effective Amendment No. 12 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(b) Form of Amendment to Articles of Incorporation.*

2. (a) Amended and Restated By-Laws, incorporated by reference to Exhibit No. 2(c) to Post-Effective Amendment No. 12 to the Registration Statement on Form N-1A (File No. 2-82764).

4. Instruments defining rights of holders of the securities being offered.*

5. (a) Management Agreement between the Registrant and Prudential Mutual Fund Management, Inc., incorporated by reference to Exhibit No. 5(a) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(b) Subadvisory Agreement between Prudential Mutual Fund Management, Inc. and Prudential-Bache Securities Inc., incorporated by reference to Exhibit No. 5(b) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(c) Amended and Restated Management Agreement between the Registrant and Prudential Mutual Fund Management, Inc., incorporated by reference to Exhibit No. 5(c) to Post-Effective Amendment No. 12 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(d) Subadvisory Agreement between Prudential Mutual Fund Management, Inc. and Greg A. Smith Asset Management Corporation, incorporated by reference to Exhibit No. 5(d) to Post-Effective Amendment No. 12 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

6. (a) Distribution Agreement between Registrant and Prudential-Bache Securities Inc., incorporated by reference to Exhibit No. 6(a) to Pre-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
- (b) Distribution Agreement between the Registrant and Prudential Mutual Fund Distributors, Inc. for Class A shares, incorporated by reference to Exhibit No. 6(b) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
- (c) Amended and Restated Distribution Agreement between the Registrant and Prudential-Bache Securities Inc. for Class B shares, incorporated by reference to Exhibit No. 6(c) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
- (d) Distribution Agreement between the Registrant and Prudential Mutual Fund Distributors, Inc. for Class A shares dated July 1, 1993.*

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- (e) Distribution Agreement between the Registrant and Prudential Securities Incorporated for Class B shares dated July 1, 1993.*
 - (f) Form of Distribution Agreement between the Registrant and Prudential Mutual Fund Distributors, Inc. for Class A shares.*
 - (g) Form of Distribution Agreement between the Registrant and Prudential Securities Incorporated for Class B shares.*
 - (h) Form of Distribution Agreement between the Registrant and Prudential Securities Incorporated for Class C shares.*
8. Custodian Agreement between the Registrant and State Street Bank and Trust Company, incorporated by reference to Exhibit No. 8 to Post-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
 9. Transfer Agency and Service Agreement between Registrant and Prudential Mutual Fund Services, Inc., incorporated by reference to Exhibit No. 9(b) to Post-Effective Amendment No. 6 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
 10. Opinion of counsel, incorporated by reference to Exhibit No. 10 to Pre-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
 11. Consent of Independent Accountants.*
 13. Purchase Agreement between Registrant and Prudential-Bache Securities Inc., incorporated by reference to Exhibit No. 13 to Pre-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
 15. (a) Plan of Distribution, pursuant to Rule 12b-1, of the Registrant, incorporated by reference to Exhibit No. 15 to Post-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
 - (b) Plan of Distribution for Class A shares, incorporated by reference to Exhibit No. 15(b) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
 - (c) Amended and Restated Plan of Distribution for Class B shares, incorporated by reference to Exhibit No. 15(c) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
 - (d) Distribution and Service Plan between the Registrant (Class A shares) and Prudential Mutual Fund Distributors, Inc.*
 - (e) Distribution and Service Plan between the Registrant

(Class B shares) and Prudential Securities Incorporated.*

(f) Form of Distribution and Service Plan for Class A shares.*

(g) Form of Distribution and Service Plan for Class B shares.*

(h) Form of Distribution and Service Plan for Class C shares.*

16. (a) Schedule of Calculation of Average Annual Total Return, incorporated by reference to Exhibit No. 16 to Post-Effective Amendment No. 7 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(b) Schedule of Calculation of Aggregate Total Return for Class A and Class B shares, incorporated by reference to Exhibit No. 16(b) to Post-Effective Amendment No. 13 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

Other Exhibits

- -----

*Filed herewith.

Item 25. Persons Controlled by or under Common Control with Registrant

None.

Item 26. Number of Holders of Securities

As of March 31, 1994, there were 177,705 and 6,625,441 record holders of Class A and Class B shares, respectively, of common stock of the Registrant.

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Item 27. Indemnification

As permitted by Sections 17(h) and (i) of the Investment Company Act of 1940 (the 1940 Act) and pursuant to Article VI of the Fund's By-Laws (Exhibit 2 to the Registration Statement), officers, directors, employees and agents of the Registrant will not be liable to the Registrant, any stockholder, officer, director, employee, agent or other person for any action or failure to act, except for bad faith, willful misfeasance, gross negligence or reckless disregard of duties, and those individuals may be indemnified against liabilities in connection with the Registrant, subject to the same exceptions. Section 2-418 of Maryland General Corporation Law permits indemnification of directors who acted in good faith and reasonably believed that the conduct was in the best interests of the Registrant. As permitted by Section 17(i) of the 1940 Act, pursuant to Section 10 of the Distribution Agreement (Exhibit 6 to the Registration Statement), the Distributor of the Registrant may be indemnified against liabilities which it may incur, except liabilities arising from bad faith, gross negligence, willful misfeasance or reckless disregard of duties.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (Securities 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 1940 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 connection with the successful defense of any action, suit or proceeding) is asserted against the Registrant by such director, officer or controlling person in connection with the shares 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 1940 Act and will be governed by the final adjudication of such issue.

The Registrant has purchased an insurance policy insuring its officers and directors against liabilities, and certain costs of defending claims against such officers and directors, to the extent such officers and

directors are not found to have committed conduct constituting willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. The insurance policy also insures the Registrant against the cost of indemnification payments to officers and directors under certain circumstances.

Section 9 of the Management Agreement (Exhibit 5(a) to the Registration Statement) and Section 4 of the Subadvisory Agreement (Exhibit 5(b) to the Registration Statement) limit the liability of Prudential Mutual Fund Management, Inc. (PMF) and Greg A. Smith Asset Management Corporation (GSAM), respectively, to liabilities arising from willful misfeasance, bad faith or gross negligence in the performance of their respective duties or from reckless disregard by them of their respective obligations and duties under the agreements.

The Registrant hereby undertakes that it will apply the indemnification provisions of its By-Laws and the Distribution Agreement in a manner consistent with Release No. 11330 of the Securities and Exchange Commission under the 1940 Act so long as the interpretation of Sections 17(h) and 17(i) of such Act remains in effect and is consistently applied.

Item 28. Business and other Connections of Investment Adviser

(a) Prudential Mutual Fund Management, Inc.

See "How the Fund Is Managed-Manager" in the Prospectus constituting Part A of this Registration Statement and "Manager" in the Statement of Additional Information constituting Part B of this Registration Statement.

The business and other connections of the officers of PMF are listed in Schedules A and D of Form ADV of PMF as currently on file with the Securities and Exchange Commission, the text of which is hereby incorporated by reference (File No. 801-31104, filed in October 1993).

The business and other connections of PMF's directors and principal executive officers are set forth below. Except as otherwise indicated, the address of each person is One Seaport Plaza, New York, NY 10292.

<TABLE> <CAPTION> Name and Address - - - - -	Position with PMF - - - - -	Principal Occupations - - - - -
<S> Brendan D. Boyle	<C> Executive Vice President and Director of Marketing	<C> Executive Vice President and Director of Marketing, PMF
John D. Brookmeyer, Jr. Two Gateway Center Newark, NJ 07102 </TABLE>	Director	Senior Vice President, PIC; Senior Vice President, The Prudential Insurance Company of America (Prudential)

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<TABLE> <CAPTION> Name and Address - - - - -	Position with PMF - - - - -	Principal Occupations - - - - -
<S>	<C>	<C>
Susan C. Cote	Senior Vice President	Senior Vice President, PMF; Senior Vice President, Prudential Securities
Fred A. Fiandaca Raritan Plaza One Edison, NJ 08847	Executive Vice President, Chief Operating Officer and Director	Executive Vice President, Chief Operating Officer and Director, PMF; Chairman, Chief Executive Officer and Director, Prudential Mutual Fund Services, Inc.
Stephen P. Fisher	Senior Vice President	Senior Vice President, PMF; Senior Vice President, Prudential Securities
Frank W. Giordano	Executive Vice President, General Counsel and	Executive Vice President, General Counsel and Secretary, PMF; Senior Vice President, Prudential Securities

Secretary

Robert F. Gunia	Executive Vice President, Chief Administrative Officer, Chief Financial Officer and Director	Executive Vice President, Chief Administrative Officer and Director, PMF; Senior Vice President, Prudential Securities
Eugene B. Heimberg Prudential Plaza Newark, NJ 07101	Director	Senior Vice President, Prudential; President, Director and Chief Investment Officer, PIC
Lawrence C. McQuade	Vice Chairman	Vice Chairman, PMF
Leland B. Paton	Director	Executive Vice President and Director, Prudential Securities; Director, Prudential Securities Group, Inc. (PSG)
Richard A. Redeker	President, Chief Executive Officer and Director	President, Chief Executive Officer and Director, PMF; Executive Vice President, Director and Member of Operating Committee, Prudential Securities; Director, PSG
S. Jane Rose	Senior Vice President, Senior Counsel and Assistant Secretary	Senior Vice President, Senior Counsel and Assistant Secretary, PMF; Senior Vice President and Senior Counsel, Prudential Securities
Donald G. Southwell 213 Washington Street Newark, NJ 07102 </TABLE>	Director	Senior Vice President, Prudential; Director, PSG

Greg A. Smith Asset Management, the Investment Adviser of the Registrant is a registered investment adviser primarily engaged in the investment advisory business. Mr. Smith is the president and principal stockholder of the Subadviser. He is also a consultant to Prudential Securities Incorporated (Prudential Securities) and acts as Prudential Securities' Chief Investment Strategist.

Item 29. Principal Underwriters

(a) (i) Prudential Securities

Prudential Securities is distributor for Prudential Government Securities Trust (Intermediate Term Series) and for Class B shares of Prudential Adjustable Rate Securities Fund, Inc., The BlackRock Government Income Trust, Prudential California Municipal Fund (California Series), Prudential Equity Fund, Inc., Prudential Equity Income Fund, Prudential FlexiFund, Prudential Global Fund, Inc., Prudential-Bache Global Genesis Fund, Inc. (d/b/a Prudential Global Genesis Fund), Prudential-Bache Global Natural Resources Fund, Inc. (d/b/a Prudential Global Natural Resources Fund), Prudential-Bache GNMA Fund, Inc. (d/b/a Prudential GNMA Fund), Prudential-Bache Government Plus Fund, Inc. (d/b/a Prudential Government Plus Fund), Prudential Growth Fund, Inc., Prudential Growth Opportunity Fund, Inc. (d/b/a Prudential Growth Opportunity Fund), Prudential-Bache High

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Yield Fund, Inc. (d/b/a Prudential High Yield Fund), Prudential IncomeVertible (R) Fund, Inc., Prudential Intermediate Global Income Fund, Inc., Prudential Multi-Sector Fund, Inc., Prudential Municipal Bond Fund, Prudential Municipal Series Fund (except Connecticut Money Market Series, Massachusetts Money Market Series, New York Money Market Series, New Jersey Money Market Series and Florida Series), Prudential-Bache National Municipals Fund, Inc. (d/b/a Prudential National Municipals Fund), Prudential Pacific Growth Fund, Inc., Prudential Short-Term Global Income Fund, Inc. Prudential U.S. Government Fund, Prudential-Bache Utility Fund, Inc. (d/b/a Prudential Utility Fund), Global Utility Fund, Inc., Nicholas-Applegate Fund, Inc. (Nicholas-Applegate Growth Equity Fund) and The BlackRock Government Income Trust. Prudential Securities is also a depositor for the following unit investment trusts:

- The Corporate Income Fund
- Corporate Investment Trust Fund
- Equity Income Fund
- Government Securities Income Fund
- International Bond Fund

Municipal Investment Trust
 Prudential Equity Trust Shares
 National Equity Trust
 Prudential Unit Trusts
 Government Securities Equity Trust
 National Municipal Trust

(ii) Prudential Mutual Fund Distributors, Inc.

Prudential Mutual Fund Distributors, Inc. is distributor for Command Government Fund, Command Money Fund, Command Tax-Free Fund, Prudential California Municipal Fund (California Money Market Series and California Income Series and Class A shares of the California Series), Prudential Government Securities Trust (Money Market Series and U.S. Treasury Money Market Series), Prudential-Bache MoneyMart Assets (d/b/a Prudential MoneyMart Assets), Prudential Municipal Series Fund (Connecticut Money Market Series, Massachusetts Money Market Series, New York Money Market Series, New Jersey Money Market Series, and Florida Series), Prudential Institutional Liquidity Portfolio, Inc., Prudential-Bache Special Money Market Fund, Inc. (d/b/a Prudential Special Money Market Fund), Prudential-Bache Structured Maturity Fund, Inc. (d/b/a Prudential Structured Maturity Fund), Prudential-Bache Tax-Free Money Fund, Inc. (d/b/a Prudential Tax-Free Money Fund), and for Class A shares of Prudential Adjustable Rate Securities Fund, Inc., The BlackRock Government Income Trust, Prudential California Municipal Fund (California Series), Prudential-Bache Equity Fund, Inc. (d/b/a Prudential Equity Fund), Prudential Equity Income Fund, Prudential FlexiFund, Prudential Global Fund, Inc., Prudential-Bache Global Genesis Fund, Inc. (d/b/a Prudential Global Genesis Fund), Prudential-Bache Global Natural Resources Fund, Inc. (d/b/a Prudential Global Natural Resources Fund), Prudential-Bache GNMA Fund, Inc. (d/b/a Prudential GNMA Fund), Prudential-Bache Government Plus Fund, Inc. (d/b/a Prudential Government Plus Fund), Prudential Growth Fund, Inc., Prudential-Bache Growth Opportunity Fund, Inc. (d/b/a Prudential Growth Opportunity Fund), Prudential-Bache High Yield Fund, Inc. (d/b/a Prudential High Yield Fund), Prudential IncomeVertible(R) Fund, Inc., Prudential Intermediate Global Income Fund, Inc., Prudential Multi-Sector Fund, Inc., Prudential Municipal Bond Fund, Prudential Municipal Series Fund (Arizona Series, Georgia Series, Maryland Series, Massachusetts Series, Michigan Series, Minnesota Series, New Jersey Series, North Carolina Series, Ohio Series and Pennsylvania Series), Prudential-Bache National Municipals Fund, Inc. (d/b/a Prudential National Municipals Fund), Prudential Pacific Growth Fund, Inc., Prudential Short-Term Global Income Fund, Inc., Prudential U.S. Government Fund and Prudential-Bache Utility Fund, Inc. (d/b/a Prudential Utility Fund), Global Utility Fund, Inc., and Nicholas-Applegate Fund, Inc. (Nicholas-Applegate Growth Equity Fund) and the Target Portfolio Trust.

(b) (i) Information concerning the directors and officers of Prudential Securities Incorporated is set forth below.

<TABLE>
 <CAPTION>

Name(1) -----	Positions and Offices with Underwriter -----	Positions and Offices with Registrant -----
<S>	<C>	<C>
Alan D. Hogan	Executive Vice President, Chief Administrative Officer and Director	None
Howard A. Knight	Executive Vice President, Director, Corporate Strategy and New Business Development	None
George A. Murray	Executive Vice President and Director	None

</TABLE>

<TABLE>
 <CAPTION>

Name(1) -----	Positions and Offices with Underwriter -----	Positions and Offices with Registrant -----
<S>	<C>	<C>

John P. Murray	Executive Vice President and Director of Risk Management	None
Leland B. Paton	Executive Vice President and Director	None
Richard A. Redeker	Director	Director
Hardwick Simmons	Chief Executive Officer, President and Director	None
Lee Spencer	Interim General Counsel	
(ii) Prudential Mutual Fund Distributors, Inc.		
Joanne Accurso-Soto	Vice President	None
Dennis Annarumma	Vice President, Assistant Treasurer and Assistant Comptroller	None
Phyllis J. Berman	Vice President	None
Fred A. Fiandaca	President, Chief Executive Officer and Director	None
Raritan Plaza One Edison, NJ 08847		
Stephen P. Fisher	Vice President	None
Frank W. Giordano	Executive Vice President, General Counsel, Secretary and Director	None
Robert F. Gunia	Executive Vice President, Treasurer, Comptroller and Director	Vice President
Andrew J. Varley	Vice President	None
Anita L. Whelan	Vice President and Assistant Secretary	None

<FN>

- -----

(1)The address of each person named is One Seaport Plaza, New York, NY 10292 unless otherwise indicated.

</TABLE>

(c) Registrant has no principal underwriter who is not an affiliated person of the Registrant.

Item 30. Location of Accounts and Records

All accounts, books and other documents required to be maintained by Section 31(a) of the 1940 Act and the Rules thereunder are maintained at the offices of State Street Bank and Trust Company, 1776 Heritage Drive, North Quincy, Massachusetts, The Prudential Investment Corporation, Prudential Plaza, 745 Broad Street, Newark, New Jersey, the Registrant, One Seaport Plaza, New York, New York, and Prudential Mutual Fund Services, Inc., Raritan Plaza One, Edison, New Jersey. Documents required by Rules 31a-1(b)(5), (6), (7), (9), (10) and (11) and 31a-1(f) will be kept at Three Gateway Center, documents required by Rules 31a-1(b)(4) and (11) and 31a-1(d) at One Seaport Plaza and the remaining accounts, books and other documents required by such other pertinent provisions of Section 31(a) and the Rules promulgated thereunder will be kept by State Street Bank and Trust Company and Prudential Mutual Fund Services, Inc.

Item 31. Management Services

Other than as set forth under the captions "How the Fund is Managed-Manager" and "How the Fund is Managed-Distributor" in the Prospectus and the captions "Manager" and "Distributor" in the Statement of Additional Information, constituting Parts A and B, respectively, of this Registration Statement, Registrant is not a party to any management-related service contract.

Item 32. Undertakings

The Registrant hereby undertakes to furnish each person to whom a Prospectus is delivered with a copy of the Registrant's latest annual report to shareholders upon request and without charge.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant has duly caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, and State of New York, on the 12th day of May, 1994.

PRUDENTIAL GROWTH FUND, INC.

/s/ Lawrence C. McQuade

(Lawrence C. McQuade, President)

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/ Lawrence C. McQuade ----- Lawrence C. McQuade	President and Director	May 12, 1994
/s/ John C. Davis ----- John C. Davis	Director	May 12, 1994
/s/ Thomas A. Owens, Jr. ----- Thomas A. Owens, Jr.	Director	May 12, 1994
/s/ Richard A. Redeker ----- Richard A. Redeker	Director	May 12, 1994
/s/ Robert J. Schultz ----- Robert J. Schultz	Director	May 12, 1994
/s/ Stephen Stoneburn ----- Stephen Stoneburn	Director	May 12, 1994
/s/ Robert H. Wellington ----- Robert H. Wellington	Director	May 12, 1994
/s/ Susan C. Cote ----- Susan C. Cote	Principal Financial and Accounting Officer and Treasurer	May 12, 1994

EXHIBIT INDEX

1. (a) Amended and Restated Articles of Incorporation, incorporated by reference to Exhibit No. 1(c) to Post-Effective Amendment No. 12 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(b) Form of Amendment to Articles of Incorporation.*
2. (a) Amended and Restated By-Laws, incorporated by reference to Exhibit No. 2(c) to Post-Effective Amendment No. 12 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).
4. Instruments Defining Rights of Shareholders.*
5. (a) Management Agreement between the Registrant and Prudential Mutual Fund Management, Inc., incorporated by reference to Exhibit No. 5(a) to Post-Effective Amendment No. 11 to the Registration Statement of the

Registrant on Form N-1A (File No. 2-82764).

(b) Subadvisory Agreement between Prudential Mutual Fund Management, Inc. and Prudential-Bache Securities Inc., incorporated by reference to Exhibit No. 5(b) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(c) Amended and Restated Management Agreement between the Registrant and Prudential Mutual Fund Management, Inc., incorporated by reference to Exhibit No. 51(c) to Post-Effective Amendment No. 12 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(d) Subadvisory Agreement between Prudential Mutual Fund Management, Inc. and Greg A. Smith Asset Management Corporation, incorporated by reference to Exhibit No. 5(d) to Post-Effective Amendment No. 12 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

6. (a) Distribution Agreement between Registrant and Prudential-Bache Securities Inc., incorporated by reference to Exhibit No. 6(a) to Pre-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(b) Distribution Agreement between the Registrant and Prudential Mutual Fund Distributors, Inc. for Class A shares, incorporated by reference to Exhibit No. 6(b) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(c) Amended and Restated Distribution Agreement between the Registrant and Prudential-Bache Securities Inc. for Class B shares, incorporated by reference to Exhibit No. 6(c) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(d) Distribution Agreement between the Registrant and Prudential Mutual Fund Distributors, Inc. for Class A shares dated July 1, 1993.*

(e) Distribution Agreement between the Registrant and Prudential Securities Incorporated for Class B shares dated July 1, 1993.*

(f) Form of Distribution Agreement between the Registrant and Prudential Mutual Fund Distributors for Class A shares.*

(g) Form of Distribution Agreement between the Registrant and Prudential Securities Incorporated for Class B shares.*

(h) Form of Distribution Agreement between the Registrant and Prudential Securities Incorporated for Class C shares.*

8. Custodian Agreement between the Registrant and State Street Bank and Trust Company, incorporated by reference to Exhibit No. 8 to Post-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

9. Transfer Agency and Service Agreement between the Registrant and Prudential Mutual Fund Services, Inc., incorporated by reference to Exhibit No. 9(b) to Post-Effective Amendment No. 6 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

10. Opinion of counsel, incorporated by reference to Exhibit No. 10 to Pre-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

11. Consent of Independent Accountants.*

13. Purchase Agreement between the Registrant and Prudential-Bache Securities Inc., incorporated by reference to Exhibit No. 13 to Pre-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

15. (a) Plan of Distribution pursuant to Rule 12b-1 of the Registrant, incorporated by reference to Exhibit No. 15 to Post-Effective Amendment No. 1 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(b) Plan of Distribution for Class A shares, incorporated by reference to Exhibit No. 15(b) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(c) Amended and Restated Plan of Distribution for Class B shares, incorporated by reference to Exhibit No. 15(c) to Post-Effective Amendment No. 11 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(d) Distribution and Service Plan between the Registrant (Class A shares) and Prudential Mutual Fund Distributors, Inc.*

(e) Distribution and Service Plan between the Registrant (Class B shares) and Prudential Securities Incorporated.*

(f) Form of Distribution and Service Plan for Class A shares.*

(g) Form of Distribution and Service Plan for Class B shares.*

(h) Form of Distribution and Service Plan for Class C shares.*

16. (a) Schedule of Calculation of Average Annual Total Return incorporated by reference to Exhibit No. 16 to Post-Effective Amendment No. 7 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

(b) Schedule of Calculation of Aggregate Total Return for Class A and Class B shares incorporated by reference to Exhibit No. 16 to Post-Effective Amendment No. 13 to the Registration Statement of the Registrant on Form N-1A (File No. 2-82764).

Other Exhibits

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*Filed herewith.

FORM OF AMENDMENT TO ARTICLES OF INCORPORATION

Article V, Section 1 of the Fund's Articles of Incorporation is proposed to be amended and restated as follows:

Article V
COMMON STOCK

Section 1. The total number of shares of capital stock which the Corporation shall have authority to issue is 500 million shares of the par value of \$.01 per share and of the aggregate par value of \$5,000,000 to be divided initially into three classes, consisting of 166,666,666 shares of Class A Common Stock, 166,666,666 shares of Class B Common Stock and 166,666,668 of Class C Common Stock.

(a) Each share of Class A, Class B and Class C Common Stock of the Corporation shall represent the same interest in the Corporation and have identical voting, dividend, liquidation and other rights except that (i) Expenses related to the distribution of each class of shares shall be borne solely by such class; (ii) The bearing of such expenses solely by shares of each class shall be appropriately reflected (in the manner determined by the Board of Directors) in the net asset value, dividends, distribution and liquidation rights of the shares of such class; (iii) The Class A Common Stock shall be subject to a front-end sales load and a Rule 12b-1 distribution fee as determined by the Board of Directors from time to time; (iv) The Class B Common Stock shall be subject to a contingent deferred sales charge and a Rule 12b-1 distribution fee as determined by the Board of Directors from time to time; and (v) The Class C Common Stock shall be subject to a contingent deferred sales charge and a Rule 12b-1 distribution fee as determined by the Board of Directors from time to time. All shares of each particular class shall represent an equal proportionate interest in that class, and each share of any particular class shall be equal to each other share of that class.

(b) Each share of the Class B Common Stock of the Corporation shall be converted automatically, and without any action or choice on the part of the holder thereof, into shares (including fractions thereof) of the Class A Common Stock of the Corporation (computed in the manner hereinafter described), at the applicable net asset value of each Class, at the time of the calculation of the net asset value of such Class B Common Stock at such times, which may vary between shares originally issued for cash and shares purchased through the automatic reinvestment of dividends and distributions with respect to Class B Common Stock (each "Conversion Date"), determined by the Board of Directors in accordance with applicable laws, rules, regulations and

interpretations of the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. and pursuant to such procedures as may be established from time to time by the Board of Directors and disclosed in the Corporation's then current prospectus for such Class A and Class B Common Stock.

(c) The number of shares of the Class A Common Stock of the Corporation into which a share of the Class B Common Stock is converted pursuant to Paragraph

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(1) (b) hereof shall equal the number (including for this purpose fractions of a share) obtained by dividing the net asset value per share of the Class B Common Stock for purposes of sales and redemptions thereof at the time of the calculation of the net asset value on the Conversion Date by the net asset value per share of the Class A Common Stock for purposes of sales and redemptions thereof at the time of the calculation of the net asset value on the Conversion Date.

(d) On the Conversion Date, the shares of the Class B Common Stock of the Corporation converted into shares of the Class A Common Stock will cease to accrue dividends and will no longer be outstanding and the rights of the holders thereof will cease (except the right to receive declared but unpaid dividends to the Conversion Date).

(e) The Board of Directors shall have full power and authority to adopt such other terms and conditions concerning the conversion of shares of the Class B Common Stock to shares of the Class A Common Stock as they deem appropriate; provided such terms and conditions are not inconsistent with the terms contained in this Section 1 and subject to any restrictions or requirements under the Investment Company Act of 1940 and the rules, regulations and interpretations thereof promulgated or issued by the Securities and Exchange Commission, any conditions or limitations contained in an order issued by the Securities and Exchange Commission applicable to the Corporation, or any restrictions or requirements under the Internal Revenue Code of 1986, as amended, and the rules, regulations and interpretations promulgated or issued thereunder.

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INSTRUMENTS DEFINING RIGHTS OF SHAREHOLDERS

The following is a list of the provisions of the Articles Incorporation, as amended, and By-Laws of Prudential Growth Fund, Inc. setting forth the rights of shareholders.

I. Relevant Provisions of Articles of Incorporation:

ARTICLE V-Common Stock
ARTICLE VII-Miscellaneous
ARTICLE IX-Amendments

II. Relevant Provisions of By-Laws:

ARTICLE I-Stockholders
ARTICLE IV-Capital Stock
ARTICLE VII-Indemnification
ARTICLE IX-Amendment of By-Laws

PRUDENTIAL GROWTH FUND, INC.

Distribution Agreement
(Class A Shares)

Agreement, dated as of January 22, 1990 and amended and restated as of July 1, 1993, between Prudential Growth Fund, Inc. a Maryland Corporation (the Fund) and Prudential Mutual Fund Distributors, Inc., a Delaware Corporation (the Distributor).

WITNESSETH

WHEREAS, the Fund is registered under the Investment Company Act of 1940, as amended (the Investment Company Act), as a diversified, open-end, management investment company and it is in the interest of the Fund to offer its Class A shares for sale continuously;

WHEREAS, the Distributor is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and is engaged in the business of selling shares of registered investment companies either directly or through other broker-dealers;

WHEREAS, the Fund and the Distributor wish to enter into an agreement with each other, with respect to the continuous offering of the Fund's Class A shares from and after the date hereof in order to promote the growth of the Fund and facilitate the distribution of its Class A shares; and

WHEREAS, the Fund has adopted a distribution and service plan pursuant to Rule 12b-1 under the Investment Company Act (the Plan) authorizing payments by the Fund to the Distributor with respect to the distribution of Class A shares of the Fund and the maintenance of Class A shareholder accounts.

NOW, THEREFORE, the parties agree as follows:

Section 1. Appointment of the Distributor

The Fund hereby appoints the Distributor as the principal underwriter and distributor of the Class A shares of the Fund to sell Class A shares to the public and the Distributor hereby accepts such appointment and agrees to act hereunder. The Fund hereby agrees during the term of this Agreement to sell Class A shares of the Fund to the Distributor on the terms and conditions set forth below.

Section 2. Exclusive Nature of Duties

The Distributor shall be the exclusive representative of the Fund to act as principal underwriter and distributor of the Fund's Class A shares, except that:

2.1 The exclusive rights granted to the Distributor to purchase Class A shares from the Fund shall not apply to Class A shares of the Fund issued in connection with the merger or consolidation of any other investment company or personal holding company with the Fund or the acquisition by purchase or otherwise of all (or substantially all) the assets or the outstanding shares of any such company by the Fund.

2.2 Such exclusive rights shall not apply to Class A shares issued by the Fund pursuant to reinvestment of dividends or capital gains distributions.

2.3 Such exclusive rights shall not apply to Class A shares issued by the Fund pursuant to the reinstatement privilege afforded redeeming shareholders.

2.4 Such exclusive rights shall not apply to purchases made through the Fund's transfer and dividend disbursing agent in the manner set forth in the currently effective Prospectus of the Fund. The term "Prospectus" shall mean the Prospectus and Statement of Additional Information included as part of the Fund's Registration Statement, as such Prospectus and Statement of Additional Information may be amended or supplemented from time to time, and the term "Registration Statement" shall mean the Registration Statement filed by the Fund with the Securities and Exchange Commission and effective under the Securities Act of 1933, as amended (Securities Act), and the Investment Company Act, as such Registration Statement is amended from time to time.

Section 3. Purchase of Class A Shares from the Fund

3.1 The Distributor shall have the right to buy from the Fund the Class A shares needed, but not more than the Class A shares needed (except for clerical errors in transmission) to fill unconditional orders for Class A shares placed with the Distributor by investors or registered and qualified securities dealers and other financial institutions (selected dealers). The price which the Distributor shall pay for the Class A shares so purchased from the Fund shall be the net asset value, determined as set forth in the Prospectus.

3.2 The Class A shares are to be resold by the Distributor or selected dealers, as described in Section 6.4 hereof, to investors at the offering price as set forth in the Prospectus.

3.3 The Fund shall have the right to suspend the sale of its Class A shares at times when redemption is suspended pursuant to the conditions in Section 4.3 hereof or at such other times as may be determined by the Board of Directors. The Fund shall also have the right to suspend the sale of its Class A shares if a banking moratorium shall have been declared by federal or New York authorities.

3.4 The Fund, or any agent of the Fund designated in writing by the Fund, shall be promptly advised of all purchase orders for Class A shares received by the Distributor. Any order may be rejected by the Fund; provided, however, that the Fund will not arbitrarily or without reasonable cause refuse to accept or confirm orders for the purchase of Class A shares. The Fund (or its agent) will confirm orders upon their receipt, will make appropriate book entries and upon receipt by the Fund (or its agent) of payment therefor, will deliver deposit receipts for such Class A shares pursuant to the instructions of the Distributor. Payment shall be made to the Fund in New York Clearing House funds or federal funds. The Distributor agrees to cause such payment and such instructions to be delivered promptly to the Fund (or its agent).

Section 4. Repurchase or Redemption of Class A Shares by the Fund

4.1 Any of the outstanding Class A shares may be tendered for redemption at any time, and the Fund agrees to repurchase or redeem the Class A shares so tendered in accordance with its Articles of Incorporation as amended from time to time, and in accordance with the applicable provisions of the Prospectus. The price to be paid to redeem or repurchase the Class A shares shall be equal to the net asset value determined as set forth in the Prospectus. All payments by the Fund hereunder shall be made in the manner set forth in Section 4.2 below.

4.2 The Fund shall pay the total amount of the redemption price as defined in the above paragraph pursuant to the instructions of the Distributor on or before the seventh calendar day subsequent to its having received the notice of redemption in proper form. The proceeds of any redemption of Class A shares shall be paid by the Fund to or for the account of the redeeming shareholder, in each case in accordance with applicable provisions of the Prospectus.

4.3 Redemption of Class A shares or payment may be suspended at times when the New York Stock Exchange is closed for other than customary weekends and holidays, when trading on said Exchange is restricted, when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly

to determine the value of its net assets, or during any other period when the Securities and Exchange Commission, by order, so permits.

Section 5. Duties of the Fund

5.1 Subject to the possible suspension of the sale of Class A shares as provided herein, the Fund agrees to sell its Class A shares so long as it has Class A shares available.

5.2 The Fund shall furnish the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of Class A shares, and this shall include one certified copy, upon request by the Distributor, of all financial statements prepared for the Fund by independent public accountants. The Fund shall make available to the Distributor such number of copies of its Prospectus and annual and interim reports as the Distributor shall reasonably request.

5.3 The Fund shall take, from time to time, but subject to the necessary approval of the Board of Directors and the shareholders, all necessary action to fix the number of authorized Class A shares and such steps as may be necessary to register the same under the Securities Act, to the end that there will be available for sale such number of Class A shares as the Distributor reasonably may expect to sell. The Fund agrees to file from time to time such amendments, reports and other documents as may be necessary in order that there will be no untrue statement of a material fact in the Registration Statement, or necessary in order that there will be no omission to state a material fact in the Registration Statement which omission would make the statements therein misleading.

5.4 The Fund shall use its best efforts to qualify and maintain the qualification of any appropriate number of its Class A shares for sales under the securities laws of such states as the Distributor and the Fund may approve; provided that the Fund shall not be required to amend its Articles of Incorporation or By-Laws to comply with the laws of any state, to maintain an office in any state, to change the terms of the offering of its Class A shares in any state from the terms set forth in its Registration Statement, to qualify as a foreign corporation in any state or to consent to service of process in any state other than with respect to claims arising out of the offering of its Class A shares. Any such qualification may be withheld, terminated or withdrawn by the Fund at any time in its discretion. As provided in Section 9.1 hereof, the expense of qualification and maintenance of qualification shall be borne by the Fund. The Distributor shall furnish such information and other material relating to its affairs and activities as may be required by the Fund in connection with such qualifications.

Section 6. Duties of the Distributor

6.1 The Distributor shall devote reasonable time and effort to effect sales of Class A shares of the Fund, but shall not be obligated to sell any specific number of Class A shares. Sales of the Class A shares shall be on the terms described in the Prospectus. The Distributor may enter into like arrangements with other investment companies. The Distributor shall compensate the selected dealers as set forth in the Prospectus.

6.2 In selling the Class A shares, the Distributor shall use its best efforts in all respects duly to conform with the requirements of all federal and state laws relating to the sale of such securities. Neither the Distributor nor any selected dealer nor any other person is authorized by the Fund to give any information or to make any representations, other than those contained in the Registration Statement or Prospectus and any sales literature approved by appropriate officers of the Fund.

6.3 The Distributor shall adopt and follow procedures for the confirmation of sales to investors and selected dealers, the collection of amounts payable by investors and selected dealers on such sales and the cancellation of unsettled transactions, as may be necessary to comply with the requirements of the National Association of Securities Dealers, Inc. (NASD).

6.4 The Distributor shall have the right to enter into selected dealer agreements with registered and qualified securities dealers and other financial institutions of its choice for the sale of Class A shares, provided that the Fund shall approve the forms of such agreements. Within the United States, the Distributor shall offer and sell Class A shares only to such selected dealers as are members in good standing of the NASD. Class A shares sold to selected dealers shall be for resale by such dealers only at the offering price determined as set forth in the Prospectus.

Section 7. Payments to the Distributor

The Distributor shall receive and may retain any portion of any front-end sales charge which is imposed on sales of Class A shares and not reallocated to selected dealers as set forth in the Prospectus, subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice. Payment of these amounts to the Distributor is not contingent upon the adoption or continuation of the Plan.

Section 8. Reimbursement of the Distributor under the Plan

8.1 The Fund shall reimburse the Distributor for costs incurred by it in performing its duties under the Distribution and Service Plan and this Agreement including amounts paid on a reimbursement basis to Prudential Securities

Incorporated (Prudential Securities) and Pruco Securities Corporation (Prusec), affiliates of the Distributor, under the selected dealer agreements between the Distributor and Prudential Securities and Prusec, respectively, amounts paid to other securities dealers or financial institutions under selected dealer agreements between the Distributor and such dealers and institutions and amounts paid for personal service and/or the maintenance of shareholder accounts. Amounts reimbursable under the Plan shall be accrued daily and paid monthly or at such other intervals as the Board of Directors may determine but shall not be paid at a rate that exceeds .30 of 1%, which amount includes a service fee of up to .25 of 1%, per annum of the average daily net assets of the Class A shares of the Fund. Payment of the distribution and service fee shall be subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

8.2 So long as the Plan or any amendment thereto is in effect, the Distributor shall inform the Board of Directors of the commissions and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and financial institutions which have dealer agreements with the Distributor. So long as the Plan (or any amendment thereto) is in effect, at the request of the Board of Directors or any agent or representative of the Fund, the Distributor shall provide such additional information as may reasonably be requested concerning the activities of the Distributor hereunder and the costs incurred in performing such activities.

8.3 Costs of the Distributor subject to reimbursement hereunder are costs of performing distribution activities with respect to the Class A shares of the Fund and may include, among others:

- (a) amounts paid to Prudential Securities in reimbursement of costs incurred by Prudential Securities in performing services under a selected dealer agreement between Prudential Securities and the Distributor for sale of Class A shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, account executives and indirect and overhead costs associated with distribution activities, including central office and branch expenses;
- (b) amounts paid to Prusec in reimbursement of costs incurred by Prusec in performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class A shares of the Fund, including

sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with distribution activities;

- (c) sales commissions and trailer commissions paid to, or on account of,

broker-dealers and financial institutions (other than Prudential Securities and Prusec) which have entered into selected dealer agreements with the Distributor with respect to Class A shares of the Fund;

- (d) amounts paid to, or an account of, account executives of Prudential Securities, Prusec, or of other broker-dealers or financial institutions for personal service and/or the maintenance of shareholder accounts; and
- (e) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund Prospectuses, and periodic financial reports and sales literature to persons other than current shareholders of the Fund.

Indirect and overhead costs referred to in clauses (a) and (b) of the foregoing sentence include (i) lease expenses, (ii) salaries and benefits of personnel including operations and sales support personnel, (iii) utility expenses, (iv) communications expenses, (v) sales promotion expenses, (vi) expenses of postage, stationery and supplies and (vii) general overhead.

Section 9. Allocation of Expenses

9.1 The Fund shall bear all costs and expenses of the continuous offering of its Class A shares, including fees and disbursements of its counsel and auditors, in connection with the preparation and filing of any required Registration Statements and/or Prospectuses under the Investment Company Act or the Securities Act, and preparing and mailing annual and periodic reports and proxy materials to shareholders (including but not limited to the expense of setting in type any such Registration Statements, Prospectuses, annual or periodic reports or proxy materials). The Fund shall also bear the cost of expenses of qualification of the Class A shares for sale, and, if necessary or advisable in connection therewith, of qualifying the Fund as a broker or dealer, in such states of the United States or other jurisdictions as shall be selected by the Fund and the Distributor pursuant to Section 5.4 hereof and the cost and expense payable to each such state for continuing qualification therein until

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the Fund decides to discontinue such qualification pursuant to Section 5.4 hereof. As set forth in Section 8 above, the Fund shall also bear the expenses it assumes pursuant to the Plan with respect to Class A shares, so long as the Plan is in effect.

9.2 If the Plan is terminated or discontinued, the costs previously incurred by the Distributor in performing the duties set forth in Section 6 hereof shall be borne by the Distributor and will not be subject to

reimbursement by the Fund.

Section 10. Indemnification

10.1 The Fund agrees to indemnify, defend and hold the Distributor, its officers and directors and any person who controls the Distributor within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Distributor, its officers, directors or any such controlling person may incur under the Securities Act, or under common law or otherwise, arising out of or based upon any untrue statement of a material fact contained in the Registration Statement or Prospectus or arising out of or based upon any alleged omission to state a material fact required to be stated in either thereof or necessary to make the statements in either thereof not misleading, except insofar as such claims, demands, liabilities or expenses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus; provided, however, that this indemnity agreement shall not inure to the benefit of any such officer, director, trustee or controlling person unless a court of competent jurisdiction shall determine in a final decision on the merits, that the person to be indemnified was not liable by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of its reckless disregard of its obligations under this Agreement (disabling conduct), or, in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the indemnified person was not liable by reason of disabling conduct, by (a) a vote of a majority of a quorum of directors who are neither "interested persons" of the Fund as defined in Section 2(a)(19) of the Investment Company Act nor parties to the proceeding, or (b) an independent legal counsel in a written opinion. The Fund's agreement to indemnify the Distributor, its officers and directors and any such controlling person as aforesaid is expressly conditioned upon the Fund's being promptly notified of any action brought against the Distributor, its officers or directors, or any such controlling person, such notification to be given by letter or telegram

addressed to the Fund at its principal business office. The Fund agrees promptly to notify the Distributor of the commencement of any litigation or proceedings against it or any of its officers or directors in connection with the issue and sale of any Class A shares.

10.2 The Distributor agrees to indemnify, defend and hold the Fund, its officers and Directors and any person who controls the Fund, if any, within the meaning of Section 15 of the Securities Act, free and harmless from and against

any and all claims, demands, liabilities and expenses (including the cost of investigating or defending against such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers and Directors or any such controlling person may incur under the Securities Act or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its Directors or officers or such controlling person resulting from such claims or demands shall arise out of or be based upon any alleged untrue statement of a material fact contained in information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus or shall arise out of or be based upon any alleged omission to state a material fact in connection with such information required to be stated in the Registration Statement or Prospectus or necessary to make such information not misleading. The Distributor's agreement to indemnify the Fund, its officers and Directors and any such controlling person as aforesaid, is expressly conditioned upon the Distributor's being promptly notified of any action brought against the Fund, its officers and Directors or any such controlling person, such notification being given to the Distributor at its principal business office.

Section 11. Duration and Termination of this Agreement

11.1 This Agreement shall become effective as of the date first above written and shall remain in force for two years from the date hereof and thereafter, but only so long as such continuance is specifically approved at least annually by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class A shares of the Fund, and (b) by the vote of a majority of those Directors who are not parties to this Agreement or interested persons of any such parties and who have no direct or indirect financial interest in this Agreement or in the operation of the Fund's Plan or in any agreement related thereto (Rule 12b-1 Directors), cast in person at a meeting called for the purpose of voting upon such approval.

11.2 This Agreement may be terminated at any time, without the payment of any penalty, by a majority of the Rule 12b-1 Directors or by vote of a majority of the outstanding voting securities of the Class A shares of the Fund, or by

the Distributor, on sixty (60) days' written notice to the other party. This Agreement shall automatically terminate in the event of its assignment.

11.3 The terms "affiliated person," "assignment," "interested person" and "vote of a majority of the outstanding voting securities", when used in this Agreement, shall have the respective meanings specified in the Investment Company Act.

Section 12. Amendments to this Agreement

This Agreement may be amended by the parties only if such amendment is specifically approved by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class A shares of the Fund, and (b) by the vote of a majority of the Rule 12b-1 Directors cast in person at a meeting called for the purpose of voting on such amendment.

Section 13. Governing Law

The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of New York as at the time in effect and the applicable provisions of the Investment Company Act. To the extent that the applicable law of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, the latter shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year above written.

Prudential Mutual Fund
Distributors, Inc.

By: /s/ Robert F. Gunia

Robert F. Gunia
Executive Vice President,
Treasurer, Comptroller

Prudential Growth Fund, Inc.

By: /s/ Lawrence C. McQuade

Lawrence C. McQuade
President

PRUDENTIAL GROWTH FUND, INC.

Distribution Agreement
(Class B Shares)

Agreement, dated January 22, 1990 and amended and restated as of July 1, 1993, between Prudential Growth Fund, Inc., a Maryland Corporation (the Fund) and Prudential Securities Incorporated, a Delaware Corporation (the Distributor).

WITNESSETH

WHEREAS, the Fund is registered under the Investment Company Act of 1940, as amended (the Investment Company Act), as a diversified, open-end, management investment company and it is in the interest of the Fund to offer its Class B shares for sale continuously;

WHEREAS, the Distributor is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and is engaged in the business of selling shares of registered investment companies either directly or through other broker-dealers;

WHEREAS, the Fund and the Distributor wish to enter into an agreement with each other, with respect to the continuous offering of the Fund's Class B shares from and after the date hereof in order to promote the growth of the Fund and facilitate the distribution of its Class B shares; and

WHEREAS, the Fund has adopted a distribution and service plan pursuant to Rule 12b-1 under the Investment Company Act (the Plan) authorizing payments by the Fund to the Distributor with respect to the distribution of Class B shares of the Fund and the maintenance of Class B shareholder accounts.

NOW, THEREFORE, the parties agree as follows:

Section 1. Appointment of the Distributor

The Fund hereby appoints the Distributor as the principal underwriter and distributor of the Class B shares of the Fund to sell Class B shares to the public and the Distributor hereby accepts such appointment and agrees to act hereunder. The Fund hereby agrees during the term of this Agreement to sell Class B shares of the Fund to the Distributor on the terms and conditions set forth below.

Section 2. Exclusive Nature of Duties

The Distributor shall be the exclusive representative of the Fund to act as principal underwriter and distributor of the Fund's Class B shares, except that:

2.1 The exclusive rights granted to the Distributor to purchase Class B shares from the Fund shall not apply to Class B shares of the Fund issued in connection with the merger or consolidation of any other investment company or personal holding company with the Fund or the acquisition by purchase or otherwise of all (or substantially all) the assets or the outstanding shares of any such company by the Fund.

2.2 Such exclusive rights shall not apply to Class B shares issued by the Fund pursuant to reinvestment of dividends or capital gains distributions.

2.3 Such exclusive rights shall not apply to Class B shares issued by the Fund pursuant to the reinstatement privilege afforded redeeming shareholders.

2.4 Such exclusive rights shall not apply to purchases made through the Fund's transfer and dividend disbursing agent in the manner set forth in the currently effective Prospectus of the Fund. The term "Prospectus" shall mean the Prospectus and Statement of Additional Information included as part of the Fund's Registration Statement, as such Prospectus and Statement of Additional Information may be amended or supplemented from time to time, and the term "Registration Statement" shall mean the Registration Statement filed by the Fund with the Securities and Exchange Commission and effective under the Securities Act of 1933, as amended (the Securities Act), and the Investment Company Act, as such Registration Statement is amended from time to time.

Section 3. Purchase of Class B Shares from the Fund

3.1 The Distributor shall have the right to buy from the Fund the Class B shares needed, but not more than the Class B shares needed (except for clerical errors in transmission) to fill unconditional orders for Class B shares placed with the Distributor by investors or registered and qualified securities dealers and other financial institutions (selected dealers). The price which the Distributor shall pay for the Class B shares so purchased from the Fund shall be the net asset value, determined as set forth in the Prospectus.

3.2 The Class B shares are to be resold by the Distributor or selected dealers, as described in Section 6.4 hereof, to investors at the offering price as set forth in the Prospectus.

3.3 The Fund shall have the right to suspend the sale of its Class B shares at times when redemption is suspended pursuant to the conditions in Section 4.3 hereof or at such other times as may be determined by the Board of Directors. The Fund shall also have the right to suspend the sale of its Class B shares if a banking moratorium shall have been declared by federal or New York authorities.

3.4 The Fund, or any agent of the Fund designated in writing by the Fund, shall be promptly advised of all purchase orders for Class B shares received by the Distributor. Any order may be rejected by the Fund; provided, however, that the Fund will not arbitrarily or without reasonable cause refuse to accept or confirm orders for the purchase of Class B shares. The Fund (or its agent) will confirm orders upon their receipt, will make appropriate book entries and upon receipt by the Fund (or its agent) of payment therefor, will deliver deposit receipts for such Class B shares pursuant to the instructions of the Distributor. Payment shall be made to the Fund in New York Clearing House funds or federal funds. The Distributor agrees to cause such payment and such instructions to be delivered promptly to the Fund (or its agent).

Section 4. Repurchase or Redemption of Class B Shares by the Fund

4.1 Any of the outstanding Class B shares may be tendered for redemption at any time, and the Fund agrees to repurchase or redeem the Class B shares so tendered in accordance with its Articles of Incorporation as amended from time to time, and in accordance with the applicable provisions of the Prospectus. The price to be paid to redeem or repurchase the Class B shares shall be equal to the net asset value determined as set forth in the Prospectus. All payments by the Fund hereunder shall be made in the manner set forth in Section 4.2 below.

4.2 The Fund shall pay the total amount of the redemption price as defined in the above paragraph pursuant to the instructions of the Distributor on or before the seventh day subsequent to its having received the notice of redemption in proper form. The proceeds of any redemption of Class B shares shall be paid by the Fund as follows: (a) any applicable contingent deferred sales charge shall be paid to the Distributor and (b) the balance shall be paid to or for the account of the redeeming shareholder, in each case in accordance with applicable provisions of the Prospectus.

4.3 Redemption of Class B shares or payment may be suspended at times when the New York Stock Exchange is closed for other than customary weekends and holidays, when trading on said Exchange is restricted, when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly

to determine the value of its net assets, or during any other period when the Securities and Exchange Commission, by order, so permits.

Section 5. Duties of the Fund

5.1 Subject to the possible suspension of the sale of Class B shares as provided herein, the Fund agrees to sell its Class B shares so long as it has Class B shares available.

5.2 The Fund shall furnish the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of Class B shares, and this shall include one certified copy, upon request by the Distributor, of all financial statements prepared for the Fund by independent public accountants. The Fund shall make available to the Distributor such number of copies of its Prospectus and annual and interim reports as the Distributor shall reasonably request.

5.3 The Fund shall take, from time to time, but subject to the necessary approval of the Board of Directors and the shareholders, all necessary action to fix the number of authorized Class B shares and such steps as may be necessary to register the same under the Securities Act, to the end that there will be available for sale such number of Class B shares as the Distributor reasonably may expect to sell. The Fund agrees to file from time to time such amendments, reports and other documents as may be necessary in order that there will be no untrue statement of a material fact in the Registration Statement, or necessary in order that there will be no omission to state a material fact in the Registration Statement which omission would make the statements therein misleading.

5.4 The Fund shall use its best efforts to qualify and maintain the qualification of any appropriate number of its Class B shares for sales under the securities laws of such states as the Distributor and the Fund may approve; provided that the Fund shall not be required to amend its Articles of Incorporation or By-Laws to comply with the laws of any state, to maintain an office in any state, to change the terms of the offering of its Class B shares in any state from the terms set forth in its Registration Statement, to qualify as a foreign corporation in any state or to consent to service of process in any state other than with respect to claims arising out of the offering of its Class B shares. Any such qualification may be withheld, terminated or withdrawn by the Fund at any time in its discretion. As provided in Section 9.1 hereof, the expense of qualification and maintenance of qualification shall be borne by the Fund. The Distributor shall furnish such information and other material relating to its affairs and activities as may be required by the Fund in connection with such qualifications.

Section 6. Duties of the Distributor

6.1 The Distributor shall devote reasonable time and effort to effect sales of Class B shares of the Fund, but shall not be obligated to sell any specific number of Class B shares. Sales of the Class B shares shall be on the terms described in the Prospectus. The Distributor may enter into like arrangements with other investment companies. The Distributor shall compensate the selected dealers as set forth in the Prospectus.

6.2 In selling the Class B shares, the Distributor shall use its best efforts in all respects duly to conform with the requirements of all federal and state laws relating to the sale of such securities. Neither the Distributor nor any selected dealer nor any other person is authorized by the Fund to give any information or to make any representations, other than those contained in the Registration Statement or Prospectus and any sales literature approved by appropriate officers of the Fund.

6.3 The Distributor shall adopt and follow procedures for the confirmation of sales to investors and selected dealers, the collection of amounts payable by investors and selected dealers on such sales and the cancellation of unsettled transactions, as may be necessary to comply with the requirements of the National Association of Securities Dealers, Inc. (NASD).

6.4 The Distributor shall have the right to enter into selected dealer agreements with registered and qualified securities dealers and other financial institutions of its choice for the sale of Class B shares, provided that the Fund shall approve the forms of such agreements. Within the United States, the Distributor shall offer and sell Class B shares only to such selected dealers as are members in good standing of the NASD. Class B shares sold to selected dealers shall be for resale by such dealers only at the offering price determined as set forth in the Prospectus.

Section 7. Payments to the Distributor

The Distributor shall receive and may retain any contingent deferred sales charge which is imposed with respect to repurchases and redemptions of Class B shares as set forth in the Prospectus, subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice. Payment of these amounts to the Distributor is not contingent upon the adoption or continuation of the Plan.

Section 8. Reimbursement of the Distributor under the Plan

8.1 The Fund shall reimburse the Distributor for all costs incurred by it in performing its duties under the Distribution and Service Plan and this Agreement including amounts paid on a reimbursement basis to Pruco Securities Corporation (Prusec), an affiliate of the Distributor, under the selected dealer agreement between the Distributor and Prusec, amounts paid to other securities dealers or financial institutions under selected dealer agreements between the

Distributor and such dealers and institutions and amounts paid for personal service and/or the maintenance of shareholder accounts. Reimbursement shall only be made to the extent that payments by investors pursuant to Section 7 hereof are not sufficient to cover such costs. Amounts reimbursable under the Plan shall be accrued daily and paid monthly or at such other intervals as the Board of Directors may determine but shall not be paid at a rate that exceeds 1%, including an asset based sales charge of up to .75 of 1% and a service fee of up to .25 of 1% per annum of the average daily net assets of the Class B shares of the Fund. Amounts reimbursable under the Plan that are not paid because they exceed .75 of 1% per annum of the average daily net assets of the Class B shares (Carry Forward Amounts) shall be carried forward and paid by the Fund as permitted within such payment limitation so long as the Plan, including any amendments thereto, is in effect, subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

8.2 So long as the Plan or any amendment thereto is in effect, the Distributor shall inform the Board of Directors of the commissions (including trailer commissions) and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and financial institutions which have selected dealer agreements with the Distributor. So long as the Plan (or any amendment thereto) is in effect, at the request of the Board of Directors or any agent or representative of the Fund, the Distributor shall provide such additional information as may reasonably be requested concerning the activities of the Distributor hereunder and the costs incurred in performing such activities.

8.3 Costs of the Distributor subject to reimbursement hereunder are all costs of performing distribution activities with respect to the Class B shares of the Fund and include, among others:

- (a) sales commissions (including trailer commissions) paid to, or on account of, account executives of the Distributor;
- (b) indirect and overhead costs of the Distributor associated with performance of distribution activities, including central office and branch expenses;
- (c) amounts paid to Prusec in reimbursement of all costs incurred by Prusec in performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class B shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with distribution activities;

- (d) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and financial institutions (other than Prusec) which have entered into selected dealer agreements with the Distributor with respect to Class B shares of the Fund;
- (e) amounts paid to, or an account of, account executives of the Distributor or of other broker-dealers or financial institutions for personal service and/or the maintenance of shareholder accounts;
- (f) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund Prospectuses, and periodic financial reports and sales literature to persons other than current shareholders of the Fund;
- (g) to the extent permitted by applicable law, interest on unreimbursed Carry Forward Amounts as defined in Section 8.1 at a rate equal to that paid by Prudential Securities for bank borrowings as such rate may vary from day to day, not to exceed that permitted under Article III, Section 26, of the NASD Rules of Fair Practice; and
- (h) to the extent permitted by applicable law, unreimbursed distribution expenses incurred with respect to the sale of Class B shares that have been exchanged into the Fund.

Indirect and overhead costs referred to in clauses (b) and (c) of the foregoing sentence include (i) lease expenses, (ii) salaries and benefits of personnel including operations and sales support personnel, (iii) utility expenses, (iv) communications expenses, (v) sales promotion expenses, (vi) expenses of postage, stationery and supplies and (vii) general overhead.

Section 9. Allocation of Expenses

9.1 The Fund shall bear all costs and expenses of the continuous offering of its Class B shares, including fees and disbursements of its counsel and auditors, in connection with the preparation and filing of any required Registration Statements and/or Prospectuses under the Investment Company Act or the Securities Act, and preparing and mailing annual and periodic reports and proxy materials to shareholders (including but not limited to the expense of setting in type any such Registration Statements, Prospectuses, annual or periodic reports or proxy materials). The Fund shall also bear the cost of

expenses of qualification of the Class B shares for sale, and, if necessary or advisable in connection therewith, of qualifying the Fund as a broker or dealer, in such states of the United States or other jurisdictions as shall be selected by the Fund and the Distributor pursuant to Section 5.4 hereof and the cost and expense payable to each such state for continuing qualification therein until the Fund decides to discontinue such qualification pursuant to Section 5.4 hereof. As set forth in Section 8 above, the Fund shall also bear the expenses it assumes pursuant to the Plan with respect to Class B shares, so long as the Plan is in effect.

9.2 Although the Fund is not liable for unreimbursed distribution expenses, in the event of termination of the Plan, the Board of Directors of the Fund may consider the appropriateness of having the Class B shares of the Fund reimburse the Distributor for the then outstanding balance of all unreimbursed distribution expenses plus interest thereon to the extent permitted by applicable law from the date of this Agreement.

Section 10. Indemnification

10.1 The Fund agrees to indemnify, defend and hold the Distributor, its officers and Directors and any person who controls the Distributor within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Distributor, its officers, Directors or any such controlling person may incur under the Securities Act, or under common law or otherwise, arising out of or based upon any untrue statement of a material fact contained in the Registration Statement or Prospectus or arising out of or based upon any alleged omission to state a material fact required to be stated in either thereof or necessary to make the statements in either thereof not misleading, except insofar as such claims, demands, liabilities or expenses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus; provided, however, that this indemnity agreement shall not inure to the benefit of any such officer, Director or controlling person unless a court of competent jurisdiction shall determine in a final decision on the merits, that the person to be indemnified was not liable by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of its reckless disregard of its obligations under this Agreement (disabling conduct), or, in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the indemnified person was not liable by reason of disabling conduct, by (a) a vote of a majority of a quorum of Directors who are neither "interested persons" of the Fund as defined in Section 2(a)(19) of the Investment Company Act nor parties to the proceeding, or (b) an independent legal counsel in a written

opinion. The Fund's agreement to indemnify the Distributor, its officers and Directors and any such controlling person as aforesaid is expressly conditioned upon the Fund's being promptly notified of any action brought against the Distributor, its officers or Directors, or any such controlling person, such notification to be given in writing addressed to the Fund at its principal business office. The Fund agrees promptly to notify the Distributor of the commencement of any litigation or proceedings against it or any of its officers or Directors in connection with the issue and sale of any Class B shares.

10.2 The Distributor agrees to indemnify, defend and hold the Fund, its officers and Directors and any person who controls the Fund, if any, within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending against such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers and Directors or any such controlling person may incur under the Securities Act or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its Directors or officers or such controlling person resulting from such claims or demands shall arise out of or be based upon any alleged untrue statement of a material fact contained in information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus or shall arise out of or be based upon any alleged omission to state a material fact in connection with such information required to be stated in the Registration Statement or Prospectus or necessary to make such information not misleading. The Distributor's agreement to indemnify the Fund, its officers and Directors and any such controlling person as aforesaid, is expressly conditioned upon the Distributor's being promptly notified of any action brought against the Fund, its officers and Directors or any such controlling person, such notification to be given to the Distributor in writing at its principal business office.

Section 11. Duration and Termination of this Agreement

11.1 This Agreement shall become effective as of the date first above written and shall remain in force for two years from the date hereof and thereafter, but only so long as such continuance is specifically approved at least annually by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class B shares of the Fund, and (b) by the vote of a majority of those Directors who are not parties to this Agreement or interested persons of any such parties and who have no direct or indirect financial interest in this Agreement or in the operation of the Fund's Plan or in any agreement related thereto (Rule 12b-1 Directors), cast in person at a meeting called for the purpose of voting upon such approval.

11.2 This Agreement may be terminated at any time, without the payment of any penalty, by a majority of the Rule 12b-1 Directors or by vote of a majority of the outstanding voting securities of the Class B shares of the Fund, or by the Distributor, on sixty (60) days' written notice to the other party. This Agreement shall automatically terminate in the event of its assignment.

11.3 The terms "affiliated person," "assignment," "interested person" and "vote of a majority of the outstanding voting securities," when used in this Agreement, shall have the respective meanings specified in the Investment Company Act.

Section 12. Amendments to this Agreement

This Agreement may be amended by the parties only if such amendment is specifically approved by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class B shares of the Fund, and (b) by the vote of a majority of the Rule 12b-1 Board of Directors cast in person at a meeting called for the purpose of voting on such amendment.

Section 13. Governing Law

The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of New York as at the time in effect and the applicable provisions of the Investment Company Act. To the extent that the applicable law of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, the latter shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year above written.

Prudential Securities
Incorporated

By: /s/ Robert F. Gunia

Robert F. Gunia
Senior Vice President,
Treasurer, Comptroller

Prudential Growth Fund, Inc.

By: /s/ Lawrence C. McQuade

Lawrence C. McQuade
President

PRUDENTIAL _____ FUND

Form of
Distribution Agreement
(Class A Shares)

Agreement made as of _____ 199_, between Prudential _____ Fund [a Maryland Corporation/Massachusetts Business Trust] (the Fund) and Prudential Mutual Fund Distributors, Inc., a Delaware Corporation (the Distributor).

WITNESSETH

WHEREAS, the Fund is registered under the Investment Company Act of 1940, as amended (the Investment Company Act), as a diversified, open-end, management investment company and it is in the interest of the Fund to offer its Class A shares for sale continuously;

WHEREAS, the Distributor is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and is engaged in the business of selling shares of registered investment companies either directly or through other broker-dealers;

WHEREAS, the Fund and the Distributor wish to enter into an agreement with each other, with respect to the continuous offering of the Fund's Class A shares from and after the date hereof in order to promote the growth of the Fund and facilitate the distribution of its Class A shares; and

WHEREAS, upon approval by the Class A shareholders of the Fund it is contemplated that the Fund will adopt a plan of distribution pursuant to Rule 12b-1 under the Investment Company Act (the Plan) authorizing payments by the Fund to the Distributor with respect to the distribution of Class A shares of the Fund and the maintenance of Class A shareholder accounts.

NOW, THEREFORE, the parties agree as follows:

Section 1. Appointment of the Distributor

The Fund hereby appoints the Distributor as the principal underwriter and distributor of the Class A shares of the Fund to sell Class A shares to the public and the Distributor hereby accepts such appointment and agrees to act hereunder. The Fund hereby agrees during the term of this Agreement to sell Class A shares of the Fund to the Distributor on the terms and conditions set forth below.

Section 2. Exclusive Nature of Duties

The Distributor shall be the exclusive representative of the Fund to act as principal underwriter and distributor of the Fund's Class A shares, except that:

2.1 The exclusive rights granted to the Distributor to purchase Class A shares from the Fund shall not apply to Class A shares of the Fund issued in connection with the merger or consolidation of any other investment company or personal holding company with the Fund or the acquisition by purchase or otherwise of all (or substantially all) the assets or the outstanding shares of any such company by the Fund.

2.2 Such exclusive rights shall not apply to Class A shares issued by the Fund pursuant to reinvestment of dividends or capital gains distributions.

2.3 Such exclusive rights shall not apply to Class A shares issued by the Fund pursuant to the reinstatement privilege afforded redeeming shareholders.

2.4 Such exclusive rights shall not apply to purchases made through the Fund's transfer and dividend disbursing agent in the manner set forth in the currently effective Prospectus of the Fund. The term "Prospectus" shall mean the Prospectus and Statement of Additional Information included as part of the Fund's Registration Statement, as such Prospectus and Statement of Additional Information may be amended or supplemented from time to time, and the term "Registration Statement" shall mean the Registration Statement filed by the Fund with the Securities and Exchange Commission and effective under the Securities Act of 1933, as amended (Securities Act), and the Investment Company Act, as such Registration Statement is amended from time to time.

Section 3. Purchase of Class A Shares from the Fund

3.1 The Distributor shall have the right to buy from the Fund the Class A shares needed, but not more than the Class A shares needed (except for clerical errors in transmission) to fill unconditional orders for Class A shares placed with the Distributor by investors or registered and qualified securities dealers and other financial institutions (selected dealers). The price which the Distributor shall pay for the Class A shares so purchased from the Fund shall be the net asset value, determined as set forth in the Prospectus.

3.2 The Class A shares are to be resold by the Distributor or selected dealers, as described in Section 6.4 hereof, to investors at the offering price as set forth in the Prospectus.

3.3 The Fund shall have the right to suspend the sale of its Class A shares at times when redemption is suspended pursuant to the conditions in Section 4.3 hereof or at such other times as may be determined by the Board of Directors. The Fund shall also have the right to suspend the sale of its Class A shares if a banking moratorium shall have been declared by federal or New York authorities.

3.4 The Fund, or any agent of the Fund designated in writing by the Fund, shall be promptly advised of all purchase orders for Class A shares received by the Distributor. Any order may be rejected by the Fund; provided, however, that the Fund will not arbitrarily or without reasonable cause refuse to accept or confirm orders for the purchase of Class A shares. The Fund (or its agent) will confirm orders upon their receipt, will make appropriate book entries and upon receipt by the Fund (or its agent) of payment therefor, will deliver deposit receipts for such Class A shares pursuant to the instructions of the Distributor. Payment shall be made to the Fund in New York Clearing House funds or federal funds. The Distributor agrees to cause such payment and such instructions to be delivered promptly to the Fund (or its agent).

Section 4. Repurchase or Redemption of Class A Shares by the Fund

4.1 Any of the outstanding Class A shares may be tendered for redemption at any time, and the Fund agrees to repurchase or redeem the Class A shares so tendered in accordance with its Articles of Incorporation as amended from time to time, and in accordance with the applicable provisions of the Prospectus. The price to be paid to redeem or repurchase the Class A shares shall be equal to the net asset value determined as set forth in the Prospectus. All payments by the Fund hereunder shall be made in the manner set forth in Section 4.2 below.

4.2 The Fund shall pay the total amount of the redemption price as defined in the above paragraph pursuant to the instructions of the Distributor on or before the seventh calendar day subsequent to its having received the notice of redemption in proper form. The proceeds of any redemption of Class A shares shall be paid by the Fund to or for the account of the redeeming shareholder, in each case in accordance with applicable provisions of the Prospectus.

4.3 Redemption of Class A shares or payment may be suspended at times when the New York Stock Exchange is closed for other than customary weekends and holidays, when trading on said Exchange is restricted, when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or during any other period when the Securities and Exchange Commission, by order, so permits.

Section 5. Duties of the Fund

5.1 Subject to the possible suspension of the sale of Class A shares as provided herein, the Fund agrees to sell its Class A shares so long as it has Class A shares available.

5.2 The Fund shall furnish the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of Class A shares, and this shall include one certified copy, upon request by the Distributor, of all financial statements prepared for the Fund by independent public accountants. The Fund shall make available to the Distributor such number of copies of its Prospectus and annual and interim reports as the Distributor shall reasonably request.

5.3 The Fund shall take, from time to time, but subject to the necessary approval of the Board of Directors and the shareholders, all necessary action to fix the number of authorized Class A shares and such steps as may be necessary to register the same under the Securities Act, to the end that there will be available for sale such number of Class A shares as the Distributor reasonably may expect to sell. The Fund agrees to file from time to time such amendments, reports and other documents as may be necessary in order that there will be no untrue statement of a material fact in the Registration Statement, or necessary in order that there will be no omission to state a material fact in the Registration Statement which omission would make the statements therein misleading.

5.4 The Fund shall use its best efforts to qualify and maintain the qualification of any appropriate number of its Class A shares for sales under the securities laws of such states as the Distributor and the Fund may approve; provided that the Fund shall not be required to amend its Articles of Incorporation or By-Laws to comply with the laws of any state, to maintain an office in any state, to change the terms of the offering of its Class A shares in any state from the terms set forth in its Registration Statement, to qualify as a foreign corporation in any state or to consent to service of process in any state other than with respect to claims arising out of the offering of its Class A shares. Any such qualification may be withheld, terminated or withdrawn by the Fund at any time in its discretion. As provided in Section 9.1 hereof, the expense of qualification and maintenance of qualification shall be borne by the Fund. The Distributor shall furnish such information and other material relating to its affairs and activities as may be required by the Fund in connection with such qualifications.

Section 6. Duties of the Distributor

6.1 The Distributor shall devote reasonable time and effort to effect sales of Class A shares of the Fund, but shall not be obligated to sell any specific number of Class A shares. Sales of the Class A shares shall be on the terms described in the Prospectus. The Distributor may enter into like arrangements with other investment companies. The Distributor shall compensate the selected dealers as set forth in the Prospectus.

6.2 In selling the Class A shares, the Distributor shall use its best efforts in all respects duly to conform with the requirements of all federal and state laws relating to the sale of such securities. Neither the Distributor nor any selected dealer nor any other person is authorized by the Fund to give any information or to make any representations, other than those contained in the Registration Statement or Prospectus and any sales literature approved by appropriate officers of the Fund.

6.3 The Distributor shall adopt and follow procedures for the confirmation of sales to investors and selected dealers, the collection of amounts payable by investors and selected dealers on such sales and the cancellation of unsettled transactions, as may be necessary to comply with the requirements of the National Association of Securities Dealers, Inc. (NASD).

6.4 The Distributor shall have the right to enter into selected dealer agreements with registered and qualified securities dealers and other financial institutions of its choice for the sale of Class A shares, provided that the Fund shall approve the forms of such agreements. Within the United States, the Distributor shall offer and sell Class A shares only to such selected dealers as are members in good standing of the NASD. Class A shares sold to selected dealers shall be for resale by such dealers only at the offering price determined as set forth in the Prospectus.

Section 7. Payments to the Distributor

The Distributor shall receive and may retain any portion of any front-end sales charge which is imposed on sales of Class A shares and not reallocated to selected dealers as set forth in the Prospectus, subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice. Payment of these amounts to the Distributor is not contingent upon the adoption or continuation of the Plan.

Section 8. Payment of the Distributor under the Plan

8.1 The Fund shall pay to the Distributor as compensation for services under the Distribution and Service Plan and this Agreement a fee of .30 of 1% (including an asset-based sales charge of .05 of 1% and a service fee of .25 of 1%) per annum of the average daily net assets of the Class A shares of the Fund.

Amounts payable under the Plan shall be accrued daily and paid monthly or at such other intervals as Directors/Trustees may determine. Amounts payable under the Plan shall be subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

8.2 So long as the Plan or any amendment thereto is in effect, the Distributor shall inform the Board of Directors of the commissions and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and financial institutions which have dealer agreements with the Distributor. So long as the Plan (or any amendment thereto) is in effect, at the request of the Board of Directors or any agent or representative of the Fund, the Distributor shall provide such additional information as may reasonably be requested concerning the activities of the Distributor hereunder and the costs incurred in performing such activities.

8.3 Expenses of distribution with respect to the Class A shares of the Fund include, among others:

- (a) amounts paid to Prudential Securities for performing services under a selected dealer agreement between Prudential Securities and the Distributor for sale of Class A shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, account executives and indirect and overhead costs associated with distribution activities, including central office and branch expenses;
- (b) amounts paid to Prusec for performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class A shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with distribution activities;
- (c) sales commissions and trailer commissions paid to, or on account of, broker-dealers and financial institutions (other than Prudential Securities and Prusec) which have entered into selected dealer agreements with the Distributor with respect to Class A shares of the Fund.
- (d) amounts paid to, or an account of, account executives of Prudential Securities, Prusec, or of other broker-dealers or financial

institutions for personal service and/or the maintenance of shareholder accounts; and

- (e) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund Prospectuses, and periodic financial reports and sales literature to persons other than current shareholders of the Fund.

Indirect and overhead costs referred to in clauses (a) and (b) of the foregoing sentence include (i) lease expenses, (ii) salaries and benefits of personnel including operations and sales support personnel, (iii) utility expenses, (iv) communications expenses, (v) sales promotion expenses, (vi) expenses of postage, stationery and supplies and (vii) general overhead.

Section 9. Allocation of Expenses

9.1 The Fund shall bear all costs and expenses of the continuous offering of its Class A shares, including fees and disbursements of its counsel and auditors, in connection with the preparation and filing of any required Registration Statements and/or Prospectuses under the Investment Company Act or the Securities Act, and preparing and mailing annual and periodic reports and proxy materials to shareholders (including but not limited to the expense of setting in type any such Registration Statements, Prospectuses, annual or periodic reports or proxy materials). The Fund shall also bear the cost of expenses of qualification of the Class A shares for sale, and, if necessary or advisable in connection therewith, of qualifying the Fund as a broker or dealer, in such states of the United States or other jurisdictions as shall be selected by the Fund and the Distributor pursuant to Section 5.4 hereof and the cost and expense payable to each such state for continuing qualification therein until the Fund decides to discontinue such qualification pursuant to Section 5.4 hereof. As set forth in Section 8 above, the Fund shall also bear the expenses it assumes pursuant to the Plan with respect to Class A shares, so long as the Plan is in effect.

Section 10. Indemnification

10.1 The Fund agrees to indemnify, defend and hold the Distributor, its officers and directors and any person who controls the Distributor within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Distributor, its officers, directors or any such controlling person may incur under the Securities Act, or under common law or otherwise, arising out of or based upon

any untrue statement of a material fact contained in the Registration Statement or Prospectus or arising out of or based upon any alleged omission to state a material fact required to be stated in either thereof or necessary to make the statements in either thereof not misleading, except insofar as such claims, demands, liabilities or expenses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus; provided, however, that this indemnity agreement shall not inure to the benefit of any such officer, director, trustee or controlling person unless a court of competent jurisdiction shall determine in a final decision on the merits, that the person to be indemnified was not liable by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of its reckless disregard of its obligations under this Agreement (disabling conduct), or, in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the indemnified person was not liable by reason of disabling conduct, by (a) a vote of a majority of a quorum of directors or trustees who are neither "interested persons" of the Fund as defined in Section 2(a)(19) of the Investment Company Act nor parties to the proceeding, or (b) an independent legal counsel in a written opinion. The Fund's agreement to indemnify the Distributor, its officers and directors or trustees and any such controlling person as aforesaid is expressly conditioned upon the Fund's being promptly notified of any action brought against the Distributor, its officers or directors or trustees, or any such controlling person, such notification to be given by letter or telegram addressed to the Fund at its principal business office. The Fund agrees promptly to notify the Distributor of the commencement of any litigation or proceedings against it or any of its officers or directors in connection with the issue and sale of any Class A shares.

10.2 The Distributor agrees to indemnify, defend and hold the Fund, its officers and Directors and any person who controls the Fund, if any, within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending against such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers and Directors or any such controlling person may incur under the Securities Act or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its Directors or officers or such controlling person resulting from such claims or demands shall arise out of or be based upon any alleged untrue statement of a material fact contained in information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus or shall arise out of or be based upon any alleged omission to state a material fact in connection with such information

required to be stated in the Registration Statement or Prospectus or necessary to make such information not misleading. The Distributor's agreement to indemnify the Fund, its officers and Directors and any such controlling person as aforesaid, is expressly conditioned upon the Distributor's being promptly notified of any action brought against the Fund, its officers and Directors or any such controlling person, such notification being given to the Distributor at its principal business office.

Section 11. Duration and Termination of this Agreement

11.1 This Agreement shall become effective as of the date first above written and shall remain in force for two years from the date hereof and thereafter, but only so long as such continuance is specifically approved at least annually by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class A shares of the Fund, and (b) by the vote of a majority of those Directors who are not parties to this Agreement or interested persons of any such parties and who have no direct or indirect financial interest in this Agreement or in the operation of the Fund's Plan or in any agreement related thereto (Rule 12b-1 Directors), cast in person at a meeting called for the purpose of voting upon such approval.

11.2 This Agreement may be terminated at any time, without the payment of any penalty, by a majority of the Rule 12b-1 Directors or by vote of a majority of the outstanding voting securities of the Class A shares of the Fund, or by the Distributor, on sixty (60) days' written notice to the other party. This Agreement shall automatically terminate in the event of its assignment.

11.3 The terms "affiliated person," "assignment," "interested person" and "vote of a majority of the outstanding voting securities", when used in this Agreement, shall have the respective meanings specified in the Investment Company Act.

Section 12. Amendments to this Agreement

This Agreement may be amended by the parties only if such amendment is specifically approved by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class A shares of the Fund, and (b) by the vote of a majority of the Rule 12b-1 Directors cast in person at a meeting called for the purpose of voting on such amendment.

Section 13. Governing Law

The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of New York as at the time in effect and the applicable provisions of the Investment Company Act. To the extent that the

applicable law of the State of New York, or any of the provisions herein, conflict with the applicable provisions of the Investment Company Act, the latter shall control.

*[Section 14. Liabilities of the Fund

The name "Prudential _____ Trust" is the designation of the Trustees under a Declaration of Trust dated _____, 19__ and all persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any claims against the Fund, and neither the Trustees, officers, agents of shareholders assume any personal liability for obligations entered into on behalf of the Fund.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year above written.

Prudential Mutual Fund
Distributors, Inc.

By: _____

(Title)

Prudential _____ Fund

By: _____
(Name)
(Title)

*For Massachusetts Business Trusts only.

PRUDENTIAL _____ FUND
Form of
Distribution Agreement
(Class B Shares)

Agreement made as of _____, 199_, between Prudential _____ Fund, [a Maryland Corporation/Massachusetts Business Trust] (the Fund) and Prudential Securities Incorporated, a Delaware Corporation (the Distributor).

WITNESSETH

WHEREAS, the Fund is registered under the Investment Company Act of 1940, as amended (the Investment Company Act), as a diversified, open-end, management investment company and it is in the interest of the Fund to offer its Class B shares for sale continuously;

WHEREAS, the Distributor is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and is engaged in the business of selling shares of registered investment companies either directly or through other broker-dealers;

WHEREAS, the Fund and the Distributor wish to enter into an agreement with each other, with respect to the continuous offering of the Fund's Class B shares from and after the date hereof in order to promote the growth of the Fund and facilitate the distribution of its Class B shares; and

WHEREAS, the Fund has adopted a distribution and service plan pursuant to Rule 12b-1 under the Investment Company Act (the Plan) authorizing payments by the Fund to the Distributor with respect to the distribution of Class B shares of the Fund and the maintenance of Class B shareholder accounts.

NOW, THEREFORE, the parties agree as follows:

Section 1. Appointment of the Distributor

The Fund hereby appoints the Distributor as the principal underwriter and distributor of the Class B shares of the Fund to sell Class B shares to the public and the Distributor hereby accepts such appointment and agrees to act hereunder. The Fund hereby agrees during the term of this Agreement to sell Class B shares of the Fund to the Distributor on the terms and conditions set forth below.

Section 2. Exclusive Nature of Duties

The Distributor shall be the exclusive representative of the Fund to act as principal underwriter and distributor of the Fund's Class B shares, except that:

2.1 The exclusive rights granted to the Distributor to purchase Class B shares from the Fund shall not apply to Class B shares of the Fund issued in connection with the merger or consolidation of any other investment company or personal holding company with the Fund or the acquisition by purchase or otherwise of all (or substantially all) the assets or the outstanding shares of any such company by the Fund.

2.2 Such exclusive rights shall not apply to Class B shares issued by the Fund pursuant to reinvestment of dividends or capital gains distributions.

2.3 Such exclusive rights shall not apply to Class B shares issued by the Fund pursuant to the reinstatement privilege afforded redeeming shareholders.

2.4 Such exclusive rights shall not apply to purchases made through the Fund's transfer and dividend disbursing agent in the manner set forth in the currently effective Prospectus of the Fund. The term "Prospectus" shall mean the Prospectus and Statement of Additional Information included as part of the Fund's Registration Statement, as such Prospectus and Statement of Additional Information may be amended or supplemented from time to time, and the term "Registration Statement" shall mean the Registration Statement filed by the Fund with the Securities and Exchange Commission and effective under the Securities Act of 1933, as amended (the Securities Act), and the Investment Company Act, as such Registration Statement is amended from time to time.

Section 3. Purchase of Class B Shares from the Fund

3.1 The Distributor shall have the right to buy from the Fund the Class B shares needed, but not more than the Class B shares needed (except for clerical errors in transmission) to fill unconditional orders for Class B shares placed with the Distributor by investors or registered and qualified securities dealers and other financial institutions (selected dealers). The price which the Distributor shall pay for the Class B shares so purchased from the Fund shall be the net asset value, determined as set forth in the Prospectus.

3.2 The Class B shares are to be resold by the Distributor or selected dealers, as described in Section 6.4 hereof, to investors at the offering price as set forth in the Prospectus.

3.3 The Fund shall have the right to suspend the sale of its Class B shares at times when redemption is suspended pursuant to the conditions in

Section 4.3 hereof or at such other times as may be determined by the Board of Directors. The Fund shall also have the right to suspend the sale of its Class B shares if a banking moratorium shall have been declared by federal or New York authorities.

3.4 The Fund, or any agent of the Fund designated in writing by the Fund, shall be promptly advised of all purchase orders for Class B shares received by the Distributor. Any order may be rejected by the Fund; provided, however, that the Fund will not arbitrarily or without reasonable cause refuse to accept or confirm orders for the purchase of Class B shares. The Fund (or its agent) will confirm orders upon their receipt, will make appropriate book entries and upon receipt by the Fund (or its agent) of payment therefor, will deliver deposit receipts for such Class B shares pursuant to the instructions of the Distributor. Payment shall be made to the Fund in New York Clearing House funds or federal funds. The Distributor agrees to cause such payment and such instructions to be delivered promptly to the Fund (or its agent).

Section 4. Repurchase or Redemption of Class B Shares by the Fund

4.1 Any of the outstanding Class B shares may be tendered for redemption at any time, and the Fund agrees to repurchase or redeem the Class B shares so tendered in accordance with its Articles of Incorporation as amended from time to time, and in accordance with the applicable provisions of the Prospectus. The price to be paid to redeem or repurchase the Class B shares shall be equal to the net asset value determined as set forth in the Prospectus. All payments by the Fund hereunder shall be made in the manner set forth in Section 4.2 below.

4.2 The Fund shall pay the total amount of the redemption price as defined in the above paragraph pursuant to the instructions of the Distributor on or before the seventh day subsequent to its having received the notice of redemption in proper form. The proceeds of any redemption of Class B shares shall be paid by the Fund as follows: (a) any applicable contingent deferred sales charge shall be paid to the Distributor and (b) the balance shall be paid to or for the account of the redeeming shareholder, in each case in accordance with applicable provisions of the Prospectus.

4.3 Redemption of Class B shares or payment may be suspended at times when the New York Stock Exchange is closed for other than customary weekends and holidays, when trading on said Exchange is restricted, when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or during any other period when the Securities and Exchange Commission, by order, so permits.

Section 5. Duties of the Fund

5.1 Subject to the possible suspension of the sale of Class B shares as provided herein, the Fund agrees to sell its Class B shares so long as it has Class B shares available.

5.2 The Fund shall furnish the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of Class B shares, and this shall include one certified copy, upon request by the Distributor, of all financial statements prepared for the Fund by independent public accountants. The Fund shall make available to the Distributor such number of copies of its Prospectus and annual and interim reports as the Distributor shall reasonably request.

5.3 The Fund shall take, from time to time, but subject to the necessary approval of the Board of Directors and the shareholders, all necessary action to fix the number of authorized Class B shares and such steps as may be necessary to register the same under the Securities Act, to the end that there will be available for sale such number of Class B shares as the Distributor reasonably may expect to sell. The Fund agrees to file from time to time such amendments, reports and other documents as may be necessary in order that there will be no untrue statement of a material fact in the Registration Statement, or necessary in order that there will be no omission to state a material fact in the Registration Statement which omission would make the statements therein misleading.

5.4 The Fund shall use its best efforts to qualify and maintain the qualification of any appropriate number of its Class B shares for sales under the securities laws of such states as the Distributor and the Fund may approve; provided that the Fund shall not be required to amend its Articles of Incorporation or By-Laws to comply with the laws of any state, to maintain an office in any state, to change the terms of the offering of its Class B shares in any state from the terms set forth in its Registration Statement, to qualify as a foreign corporation in any state or to consent to service of process in any state other than with respect to claims arising out of the offering of its Class B shares. Any such qualification may be withheld, terminated or withdrawn by the Fund at any time in its discretion. As provided in Section 9.1 hereof, the expense of qualification and maintenance of qualification shall be borne by the Fund. The Distributor shall furnish such information and other material relating to its affairs and activities as may be required by the Fund in connection with such qualifications.

Section 6. Duties of the Distributor

6.1 The Distributor shall devote reasonable time and effort to effect sales of Class B shares of the Fund, but shall not be obligated to sell any specific number of Class B shares. Sales of the Class B shares shall be on the terms described in the Prospectus. The Distributor may enter into like arrangements with other investment companies. The Distributor shall compensate the selected dealers as set forth in the Prospectus.

6.2 In selling the Class B shares, the Distributor shall use its best efforts in all respects duly to conform with the requirements of all federal and state laws relating to the sale of such securities. Neither the Distributor nor any selected dealer nor any other person is authorized by the Fund to give any information or to make any representations, other than those contained in the Registration Statement or Prospectus and any sales literature approved by appropriate officers of the Fund.

6.3 The Distributor shall adopt and follow procedures for the confirmation of sales to investors and selected dealers, the collection of amounts payable by investors and selected dealers on such sales and the cancellation of unsettled transactions, as may be necessary to comply with the requirements of the National Association of Securities Dealers, Inc. (NASD).

6.4 The Distributor shall have the right to enter into selected dealer agreements with registered and qualified securities dealers and other financial institutions of its choice for the sale of Class B shares, provided that the Fund shall approve the forms of such agreements. Within the United States, the Distributor shall offer and sell Class B shares only to such selected dealers as are members in good standing of the NASD. Class B shares sold to selected dealers shall be for resale by such dealers only at the offering price determined as set forth in the Prospectus.

Section 7. Payments to the Distributor

The Distributor shall receive and may retain any contingent deferred sales charge which is imposed with respect to repurchases and redemptions of Class B shares as set forth in the Prospectus, subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice. Payment of these amounts to the Distributor is not contingent upon the adoption or continuation of the Plan.

Section 8. Payment of the Distributor under the Plan

8.1 The Fund shall pay to the Distributor as compensation for services under the Distribution and Service Plan and this Agreement a fee of 1% (including an asset-based sales charge of .75 of 1% and a service fee of .25 of 1%) per annum of the average daily net assets of the Class B shares of the Fund.

Amounts payable under the Plan shall be accrued daily and paid monthly or at such other intervals as Directors/Trustees may determine. Amounts payable under the Plan shall be subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

8.2 So long as the Plan or any amendment thereto is in effect, the Distributor shall inform the Board of Directors of the commissions (including trailer commissions) and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and financial institutions which have selected dealer agreements with the Distributor. So long as the Plan (or any amendment thereto) is in effect, at the request of the Board of Directors or any agent or representative of the Fund, the Distributor shall provide such additional information as may reasonably be requested concerning the activities of the Distributor hereunder and the costs incurred in performing such activities.

8.3 Expenses of distribution with respect to the Class B shares of the Fund include, among others:

- (a) sales commissions (including trailer commissions) paid to, or on account of, account executives of the Distributor;
- (b) indirect and overhead costs of the Distributor associated with performance of distribution activities, including central office and branch expenses;
- (c) amounts paid to Prusec for performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class B shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with distribution activities;
- (d) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and financial institutions (other than Prusec) which have entered into selected dealer agreements with the Distributor with respect to Class B shares of the Fund;
- (e) amounts paid to, or an account of, account executives of the Distributor or of other broker-dealers or financial institutions for

personal service and/or the maintenance of shareholder accounts; and

- (f) advertising for the Fund in various forms through any available

medium, including the cost of printing and mailing Fund Prospectuses, and periodic financial reports and sales literature to persons other than current shareholders of the Fund.

Indirect and overhead costs referred to in clauses (b) and (c) of the foregoing sentence include (i) lease expenses, (ii) salaries and benefits of personnel including operations and sales support personnel, (iii) utility expenses, (iv) communications expenses, (v) sales promotion expenses, (vi) expenses of postage, stationery and supplies and (vii) general overhead.

Section 9. Allocation of Expenses

9.1 The Fund shall bear all costs and expenses of the continuous offering of its Class B shares, including fees and disbursements of its counsel and auditors, in connection with the preparation and filing of any required Registration Statements and/or Prospectuses under the Investment Company Act or the Securities Act, and preparing and mailing annual and periodic reports and proxy materials to shareholders (including but not limited to the expense of setting in type any such Registration Statements, Prospectuses, annual or periodic reports or proxy materials). The Fund shall also bear the cost of expenses of qualification of the Class B shares for sale, and, if necessary or advisable in connection therewith, of qualifying the Fund as a broker or dealer, in such states of the United States or other jurisdictions as shall be selected by the Fund and the Distributor pursuant to Section 5.4 hereof and the cost and expense payable to each such state for continuing qualification therein until the Fund decides to discontinue such qualification pursuant to Section 5.4 hereof. As set forth in Section 8 above, the Fund shall also bear the expenses it assumes pursuant to the Plan with respect to Class B shares, so long as the Plan is in effect.

Section 10. Indemnification

10.1 The Fund agrees to indemnify, defend and hold the Distributor, its officers and Directors and any person who controls the Distributor within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Distributor, its officers, Directors or any such controlling person may incur under the Securities Act, or under common law or otherwise, arising out of or based upon any untrue statement of a material fact contained in the Registration Statement

or Prospectus or arising out of or based upon any alleged omission to state a material fact required to be stated in either thereof or necessary to make the statements in either thereof not misleading, except insofar as such claims,

demands, liabilities or expenses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus; provided, however, that this indemnity agreement shall not inure to the benefit of any such officer, Director or controlling person unless a court of competent jurisdiction shall determine in a final decision on the merits, that the person to be indemnified was not liable by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of its reckless disregard of its obligations under this Agreement (disabling conduct), or, in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the indemnified person was not liable by reason of disabling conduct, by (a) a vote of a majority of a quorum of Directors who are neither "interested persons" of the Fund as defined in Section 2(a)(19) of the Investment Company Act nor parties to the proceeding, or (b) an independent legal counsel in a written opinion. The Fund's agreement to indemnify the Distributor, its officers and Directors and any such controlling person as aforesaid is expressly conditioned upon the Fund's being promptly notified of any action brought against the Distributor, its officers or Directors, or any such controlling person, such notification to be given in writing addressed to the Fund at its principal business office. The Fund agrees promptly to notify the Distributor of the commencement of any litigation or proceedings against it or any of its officers or Directors in connection with the issue and sale of any Class B shares.

10.2 The Distributor agrees to indemnify, defend and hold the Fund, its officers and Directors and any person who controls the Fund, if any, within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending against such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers and Directors or any such controlling person may incur under the Securities Act or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its Directors or officers or such controlling person resulting from such claims or demands shall arise out of or be based upon any alleged untrue statement of a material fact contained in information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus or shall arise out of or be based upon any alleged omission to state a material fact in connection with such information required to be stated in the Registration Statement or Prospectus or necessary

to make such information not misleading. The Distributor's agreement to indemnify the Fund, its officers and Directors and any such controlling person as aforesaid, is expressly conditioned upon the Distributor's being promptly notified of any action brought against the Fund, its officers and Directors or

any such controlling person, such notification to be given to the Distributor in writing at its principal business office.

Section 11. Duration and Termination of this Agreement

11.1 This Agreement shall become effective as of the date first above written and shall remain in force for two years from the date hereof and thereafter, but only so long as such continuance is specifically approved at least annually by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class B shares of the Fund, and (b) by the vote of a majority of those Directors who are not parties to this Agreement or interested persons of any such parties and who have no direct or indirect financial interest in this Agreement or in the operation of the Fund's Plan or in any agreement related thereto (Rule 12b-1 Directors), cast in person at a meeting called for the purpose of voting upon such approval.

11.2 This Agreement may be terminated at any time, without the payment of any penalty, by a majority of the Rule 12b-1 Directors or by vote of a majority of the outstanding voting securities of the Class B shares of the Fund, or by the Distributor, on sixty (60) days' written notice to the other party. This Agreement shall automatically terminate in the event of its assignment.

11.3 The terms "affiliated person," "assignment," "interested person" and "vote of a majority of the outstanding voting securities," when used in this Agreement, shall have the respective meanings specified in the Investment Company Act.

Section 12. Amendments to this Agreement

This Agreement may be amended by the parties only if such amendment is specifically approved by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class B shares of the Fund, and (b) by the vote of a majority of the Rule 12b-1 Board of Directors cast in person at a meeting called for the purpose of voting on such amendment.

Section 13. Governing Law

The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of New York as at the time in effect and the applicable provisions of the Investment Company Act. To the extent that the applicable law of the State of New York, or any of the provisions herein,

conflict with the applicable provisions of the Investment Company Act, the latter shall control.

*[Section 14. Liabilities of the Fund

The name "Prudential _____ Trust" is the designation of the Trustees under a Declaration of Trust dated _____, 19__ and all persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any claims against the Fund, and neither the Trustees, officers, agents of shareholders assume any personal liability for obligations entered into on behalf of the Fund.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year above written.

Prudential Securities
Incorporated

By: _____

(Title)

Prudential _____ Fund

By: _____

(Name)
(Title)

*For Massachusetts Business Trusts only.

PRUDENTIAL _____ FUND
Form of
Distribution Agreement
(Class C Shares)

Agreement made as of _____, 199_, between Prudential _____ Fund, [a Maryland Corporation/Massachusetts Business Trust] (the Fund) and Prudential Securities Incorporated, a Delaware Corporation (the Distributor).

WITNESSETH

WHEREAS, the Fund is registered under the Investment Company Act of 1940, as amended (the Investment Company Act), as a diversified, open-end, management investment company and it is in the interest of the Fund to offer its Class C shares for sale continuously;

WHEREAS, the Distributor is a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and is engaged in the business of selling shares of registered investment companies either directly or through other broker-dealers;

WHEREAS, the Fund and the Distributor wish to enter into an agreement with each other, with respect to the continuous offering of the Fund's Class C shares from and after the date hereof in order to promote the growth of the Fund and facilitate the distribution of its Class C shares; and

WHEREAS, the Fund has adopted a distribution and service plan pursuant to Rule 12b-1 under the Investment Company Act (the Plan) authorizing payments by the Fund to the Distributor with respect to the distribution of Class C shares of the Fund and the maintenance of Class C shareholder accounts.

NOW, THEREFORE, the parties agree as follows:

Section 1. Appointment of the Distributor

The Fund hereby appoints the Distributor as the principal underwriter and distributor of the Class C shares of the Fund to sell Class C shares to the public and the Distributor hereby accepts such appointment and agrees to act hereunder. The Fund hereby agrees during the term of this Agreement to sell Class C shares of the Fund to the Distributor on the terms and conditions set forth below.

Section 2. Exclusive Nature of Duties

The Distributor shall be the exclusive representative of the Fund to act as principal underwriter and distributor of the Fund's Class C shares, except that:

2.1 The exclusive rights granted to the Distributor to purchase Class C shares from the Fund shall not apply to Class C shares of the Fund issued in connection with the merger or consolidation of any other investment company or personal holding company with the Fund or the acquisition by purchase or otherwise of all (or substantially all) the assets or the outstanding shares of any such company by the Fund.

2.2 Such exclusive rights shall not apply to Class C shares issued by the Fund pursuant to reinvestment of dividends or capital gains distributions.

2.3 Such exclusive rights shall not apply to Class C shares issued by the Fund pursuant to the reinstatement privilege afforded redeeming shareholders.

2.4 Such exclusive rights shall not apply to purchases made through the Fund's transfer and dividend disbursing agent in the manner set forth in the currently effective Prospectus of the Fund. The term "Prospectus" shall mean the Prospectus and Statement of Additional Information included as part of the Fund's Registration Statement, as such Prospectus and Statement of Additional Information may be amended or supplemented from time to time, and the term "Registration Statement" shall mean the Registration Statement filed by the Fund with the Securities and Exchange Commission and effective under the Securities Act of 1933, as amended (the Securities Act), and the Investment Company Act, as such Registration Statement is amended from time to time.

Section 3. Purchase of Class C Shares from the Fund

3.1 The Distributor shall have the right to buy from the Fund the Class C shares needed, but not more than the Class C shares needed (except for clerical errors in transmission) to fill unconditional orders for Class C shares placed with the Distributor by investors or registered and qualified securities dealers and other financial institutions (selected dealers). The price which the Distributor shall pay for the Class C shares so purchased from the Fund shall be the net asset value, determined as set forth in the Prospectus.

3.2 The Class C shares are to be resold by the Distributor or selected dealers, as described in Section 6.4 hereof, to investors at the offering price as set forth in the Prospectus.

3.3 The Fund shall have the right to suspend the sale of its Class C shares at times when redemption is suspended pursuant to the conditions in

Section 4.3 hereof or at such other times as may be determined by the Board of Directors. The Fund shall also have the right to suspend the sale of its Class C shares if a banking moratorium shall have been declared by federal or New York authorities.

3.4 The Fund, or any agent of the Fund designated in writing by the Fund, shall be promptly advised of all purchase orders for Class C shares received by the Distributor. Any order may be rejected by the Fund; provided, however, that the Fund will not arbitrarily or without reasonable cause refuse to accept or confirm orders for the purchase of Class C shares. The Fund (or its agent) will confirm orders upon their receipt, will make appropriate book entries and upon receipt by the Fund (or its agent) of payment therefor, will deliver deposit receipts for such Class C shares pursuant to the instructions of the Distributor. Payment shall be made to the Fund in New York Clearing House funds or federal funds. The Distributor agrees to cause such payment and such instructions to be delivered promptly to the Fund (or its agent).

Section 4. Repurchase or Redemption of Class C Shares by the Fund

4.1 Any of the outstanding Class C shares may be tendered for redemption at any time, and the Fund agrees to repurchase or redeem the Class C shares so tendered in accordance with its Articles of Incorporation as amended from time to time, and in accordance with the applicable provisions of the Prospectus. The price to be paid to redeem or repurchase the Class C shares shall be equal to the net asset value determined as set forth in the Prospectus. All payments by the Fund hereunder shall be made in the manner set forth in Section 4.2 below.

4.2 The Fund shall pay the total amount of the redemption price as defined in the above paragraph pursuant to the instructions of the Distributor on or before the seventh day subsequent to its having received the notice of redemption in proper form. The proceeds of any redemption of Class C shares shall be paid by the Fund as follows: (a) any applicable contingent deferred sales charge shall be paid to the Distributor and (b) the balance shall be paid to or for the account of the redeeming shareholder, in each case in accordance with applicable provisions of the Prospectus.

4.3 Redemption of Class C shares or payment may be suspended at times when the New York Stock Exchange is closed for other than customary weekends and holidays, when trading on said Exchange is restricted, when an emergency exists as a result of which disposal by the Fund of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Fund fairly to determine the value of its net assets, or during any other period when the Securities and Exchange Commission, by order, so permits.

Section 5. Duties of the Fund

5.1 Subject to the possible suspension of the sale of Class C shares as provided herein, the Fund agrees to sell its Class C shares so long as it has Class C shares available.

5.2 The Fund shall furnish the Distributor copies of all information, financial statements and other papers which the Distributor may reasonably request for use in connection with the distribution of Class C shares, and this shall include one certified copy, upon request by the Distributor, of all financial statements prepared for the Fund by independent public accountants. The Fund shall make available to the Distributor such number of copies of its Prospectus and annual and interim reports as the Distributor shall reasonably request.

5.3 The Fund shall take, from time to time, but subject to the necessary approval of the Board of Directors and the shareholders, all necessary action to fix the number of authorized Class C shares and such steps as may be necessary to register the same under the Securities Act, to the end that there will be available for sale such number of Class C shares as the Distributor reasonably may expect to sell. The Fund agrees to file from time to time such amendments, reports and other documents as may be necessary in order that there will be no untrue statement of a material fact in the Registration Statement, or necessary in order that there will be no omission to state a material fact in the Registration Statement which omission would make the statements therein misleading.

5.4 The Fund shall use its best efforts to qualify and maintain the qualification of any appropriate number of its Class C shares for sales under the securities laws of such states as the Distributor and the Fund may approve; provided that the Fund shall not be required to amend its Articles of Incorporation or By-Laws to comply with the laws of any state, to maintain an office in any state, to change the terms of the offering of its Class C shares in any state from the terms set forth in its Registration Statement, to qualify as a foreign corporation in any state or to consent to service of process in any state other than with respect to claims arising out of the offering of its Class C shares. Any such qualification may be withheld, terminated or withdrawn by the Fund at any time in its discretion. As provided in Section 9.1 hereof, the expense of qualification and maintenance of qualification shall be borne by the Fund. The Distributor shall furnish such information and other material relating to its affairs and activities as may be required by the Fund in connection with such qualifications.

Section 6. Duties of the Distributor

6.1 The Distributor shall devote reasonable time and effort to effect sales of Class C shares of the Fund, but shall not be obligated to sell any specific number of Class C shares. Sales of the Class C shares shall be on the terms described in the Prospectus. The Distributor may enter into like arrangements with other investment companies. The Distributor shall compensate the selected dealers as set forth in the Prospectus.

6.2 In selling the Class C shares, the Distributor shall use its best efforts in all respects duly to conform with the requirements of all federal and state laws relating to the sale of such securities. Neither the Distributor nor any selected dealer nor any other person is authorized by the Fund to give any information or to make any representations, other than those contained in the Registration Statement or Prospectus and any sales literature approved by appropriate officers of the Fund.

6.3 The Distributor shall adopt and follow procedures for the confirmation of sales to investors and selected dealers, the collection of amounts payable by investors and selected dealers on such sales and the cancellation of unsettled transactions, as may be necessary to comply with the requirements of the National Association of Securities Dealers, Inc. (NASD).

6.4 The Distributor shall have the right to enter into selected dealer agreements with registered and qualified securities dealers and other financial institutions of its choice for the sale of Class C shares, provided that the Fund shall approve the forms of such agreements. Within the United States, the Distributor shall offer and sell Class C shares only to such selected dealers as are members in good standing of the NASD. Class C shares sold to selected dealers shall be for resale by such dealers only at the offering price determined as set forth in the Prospectus.

Section 7. Payments to the Distributor

The Distributor shall receive and may retain any contingent deferred sales charge which is imposed with respect to repurchases and redemptions of Class C shares as set forth in the Prospectus, subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice. Payment of these amounts to the Distributor is not contingent upon the adoption or continuation of the Plan.

Section 8. Payment of the Distributor under the Plan

8.1 The Fund shall pay to the Distributor as compensation for services under the Distribution and Service Plan and this Agreement a fee of 1% (including an asset-based sales charge of .75 of 1% and a service fee of .25 of

1%) per annum of the average daily net assets of the Class C shares of the Fund.

Amounts payable under the Plan shall be accrued daily and paid monthly or at such other intervals as Directors/Trustees may determine. Amounts payable under the Plan shall be subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

8.2 So long as the Plan or any amendment thereto is in effect, the Distributor shall inform the Board of Directors of the commissions (including trailer commissions) and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and financial institutions which have selected dealer agreements with the Distributor. So long as the Plan (or any amendment thereto) is in effect, at the request of the Board of Directors or any agent or representative of the Fund, the Distributor shall provide such additional information as may reasonably be requested concerning the activities of the Distributor hereunder and the costs incurred in performing such activities.

8.3 Expenses of distribution with respect to the Class C shares of the Fund include, among others:

- (a) sales commissions (including trailer commissions) paid to, or on account of, account executives of the Distributor;
- (b) indirect and overhead costs of the Distributor associated with performance of distribution activities, including central office and branch expenses;
- (c) amounts paid to Prusec for performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class C shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with distribution activities;
- (d) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and financial institutions (other than Prusec) which have entered into selected dealer agreements with the Distributor with respect to Class C shares of the Fund;
- (e) amounts paid to, or an account of, account executives of the Distributor or of other broker-dealers or financial institutions for

personal service and/or the maintenance of shareholder accounts; and

- (f) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund Prospectuses, and periodic financial reports and sales literature to persons other than current shareholders of the Fund.

Indirect and overhead costs referred to in clauses (b) and (c) of the foregoing sentence include (i) lease expenses, (ii) salaries and benefits of personnel including operations and sales support personnel, (iii) utility expenses, (iv) communications expenses, (v) sales promotion expenses, (vi) expenses of postage, stationery and supplies and (vii) general overhead.

Section 9. Allocation of Expenses

9.1 The Fund shall bear all costs and expenses of the continuous offering of its Class C shares, including fees and disbursements of its counsel and auditors, in connection with the preparation and filing of any required Registration Statements and/or Prospectuses under the Investment Company Act or the Securities Act, and preparing and mailing annual and periodic reports and proxy materials to shareholders (including but not limited to the expense of setting in type any such Registration Statements, Prospectuses, annual or periodic reports or proxy materials). The Fund shall also bear the cost of expenses of qualification of the Class C shares for sale, and, if necessary or advisable in connection therewith, of qualifying the Fund as a broker or dealer, in such states of the United States or other jurisdictions as shall be selected by the Fund and the Distributor pursuant to Section 5.4 hereof and the cost and expense payable to each such state for continuing qualification therein until the Fund decides to discontinue such qualification pursuant to Section 5.4 hereof. As set forth in Section 8 above, the Fund shall also bear the expenses it assumes pursuant to the Plan with respect to Class C shares, so long as the Plan is in effect.

Section 10. Indemnification

10.1 The Fund agrees to indemnify, defend and hold the Distributor, its officers and Directors and any person who controls the Distributor within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Distributor, its officers, Directors or any such controlling person may incur under the Securities Act, or under common law or otherwise, arising out of or based upon any untrue statement of a material fact contained in the Registration Statement

or Prospectus or arising out of or based upon any alleged omission to state a material fact required to be stated in either thereof or necessary to make the statements in either thereof not misleading, except insofar as such claims, demands, liabilities or expenses arise out of or are based upon any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus; provided, however, that this indemnity agreement shall not inure to the benefit of any such officer, Director or controlling person unless a court of competent jurisdiction shall determine in a final decision on the merits, that the person to be indemnified was not liable by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of its reckless disregard of its obligations under this Agreement (disabling conduct), or, in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the indemnified person was not liable by reason of disabling conduct, by (a) a vote of a majority of a quorum of Directors who are neither "interested persons" of the Fund as defined in Section 2(a)(19) of the Investment Company Act nor parties to the proceeding, or (b) an independent legal counsel in a written opinion. The Fund's agreement to indemnify the Distributor, its officers and Directors and any such controlling person as aforesaid is expressly conditioned upon the Fund's being promptly notified of any action brought against the Distributor, its officers or Directors, or any such controlling person, such notification to be given in writing addressed to the Fund at its principal business office. The Fund agrees promptly to notify the Distributor of the commencement of any litigation or proceedings against it or any of its officers or Directors in connection with the issue and sale of any Class C shares.

10.2 The Distributor agrees to indemnify, defend and hold the Fund, its officers and Directors and any person who controls the Fund, if any, within the meaning of Section 15 of the Securities Act, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending against such claims, demands or liabilities and any counsel fees incurred in connection therewith) which the Fund, its officers and Directors or any such controlling person may incur under the Securities Act or under common law or otherwise, but only to the extent that such liability or expense incurred by the Fund, its Directors or officers or such controlling person resulting from such claims or demands shall arise out of or be based upon any alleged untrue statement of a material fact contained in information furnished in writing by the Distributor to the Fund for use in the Registration Statement or Prospectus or shall arise out of or be based upon any alleged omission to state a material fact in connection with such information required to be stated in the Registration Statement or Prospectus or necessary

to make such information not misleading. The Distributor's agreement to indemnify the Fund, its officers and Directors and any such controlling person as aforesaid, is expressly conditioned upon the Distributor's being promptly notified of any action brought against the Fund, its officers and Directors or any such controlling person, such notification to be given to the Distributor in writing at its principal business office.

Section 11. Duration and Termination of this Agreement

11.1 This Agreement shall become effective as of the date first above written and shall remain in force for two years from the date hereof and thereafter, but only so long as such continuance is specifically approved at least annually by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class C shares of the Fund, and (b) by the vote of a majority of those Directors who are not parties to this Agreement or interested persons of any such parties and who have no direct or indirect financial interest in this Agreement or in the operation of the Fund's Plan or in any agreement related thereto (Rule 12b-1 Directors), cast in person at a meeting called for the purpose of voting upon such approval.

11.2 This Agreement may be terminated at any time, without the payment of any penalty, by a majority of the Rule 12b-1 Directors or by vote of a majority of the outstanding voting securities of the Class C shares of the Fund, or by the Distributor, on sixty (60) days' written notice to the other party. This Agreement shall automatically terminate in the event of its assignment.

11.3 The terms "affiliated person," "assignment," "interested person" and "vote of a majority of the outstanding voting securities," when used in this Agreement, shall have the respective meanings specified in the Investment Company Act.

Section 12. Amendments to this Agreement

This Agreement may be amended by the parties only if such amendment is specifically approved by (a) the Board of Directors of the Fund, or by the vote of a majority of the outstanding voting securities of the Class C shares of the Fund, and (b) by the vote of a majority of the Rule 12b-1 Board of Directors cast in person at a meeting called for the purpose of voting on such amendment.

Section 13. Governing Law

The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the State of New York as at the time in effect and the applicable provisions of the Investment Company Act. To the extent that the applicable law of the State of New York, or any of the provisions herein,

conflict with the applicable provisions of the Investment Company Act, the latter shall control.

*[Section 14. Liabilities of the Fund

The name "Prudential _____ Trust" is the designation of the Trustees under a Declaration of Trust dated _____, 19__ and all persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any claims against the Fund, and neither the Trustees, officers, agents of shareholders assume any personal liability for obligations entered into on behalf of the Fund.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year above written.

Prudential Securities
Incorporated

By: _____

(Title)

Prudential _____ Fund

By: _____

(Name)
(Title)

*For Massachusetts Business Trusts only.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Statement of Additional Information constituting part of this Post-Effective Amendment No. 14 to the Registration Statement on Form N-1A (the "Registration Statement") of our report dated April 11, 1994, relating to the financial statements and financial highlights of Prudential Growth Fund, Inc., which appears in such Statement of Additional Information, and to the incorporation by reference of our report into the Prospectus which constitutes part of this Registration Statement. We also consent to the reference to us under the heading "Custodian, Transfer and Dividend Disbursing Agent and Independent Accountants" in such Statement of Additional Information and to the reference to us under the heading "Financial Highlights" in such Prospectus.

PRICE WATERHOUSE

1177 Avenue of the Americas
New York, New York
May 6, 1994

PRUDENTIAL GROWTH FUND, INC.

Distribution and Service Plan
(Class A Shares)

Introduction

The Distribution and Service Plan (the Plan) set forth below which is designed to conform to the requirements of Rule 12b-1 under the Investment Company Act of 1940 (the Investment Company Act) and Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (NASD) has been adopted by Prudential Growth Fund, Inc., (the Fund) and by Prudential Mutual Fund Distributors, Inc., the Fund's distributor (the Distributor).

The Fund has entered into a distribution agreement (the Distribution Agreement) pursuant to which the Fund will employ the Distributor to distribute Class A shares issued by the Fund (Class A shares). Under the Distribution Agreement, the Distributor will be entitled to receive payments from investors of front-end sales charges with respect to the sale of Class A shares. Under the Plan, the Fund intends to reimburse the Distributor for costs incurred by the Distributor in distributing Class A shares of the Fund and to pay the Distributor a service fee for the maintenance of Class A shareholder accounts.

A majority of the Board of Directors of the Fund, including a majority of those Directors who are not "interested persons" of the Fund (as defined in the Investment Company Act) and who have no direct or indirect financial interest in the operation of this Plan or any agreements related to it (the Rule 12b-1

Directors), have determined by votes cast in person at a meeting called for the purpose of voting on this Plan that there is a reasonable likelihood that adoption of this Plan will benefit the Fund and its shareholders. Expenditures under this Plan by the Fund for Distribution Activities (defined below) are primarily intended to result in the sale of Class A shares of the Fund within the meaning of paragraph (a)(2) of Rule 12b-1 promulgated under the Investment Company Act.

The purpose of the Plan is to create incentives to the Distributor and/or other qualified broker-dealers and their account executives to provide distribution assistance to their customers who are investors in the Fund, to defray the costs and expenses associated with the preparation, printing and

distribution of prospectuses and sales literature and other promotional and distribution activities and to provide for the servicing and maintenance of shareholder accounts.

The Plan

The material aspects of the Plan are as follows:

1. Distribution Activities

The Fund shall engage the Distributor to distribute Class A shares of the Fund and to service shareholder accounts using all of the facilities of the distribution networks of Prudential Securities Incorporated (Prudential Securities) and Pruco Securities Corporation (Prusec), including sales personnel and branch office and central support systems, and also using such other

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qualified broker-dealers and financial institutions as the Distributor may select. Services provided and activities undertaken to distribute Class A shares of the Fund are referred to herein as "Distribution Activities."

2. Payment of Service Fee

The Fund shall reimburse the Distributor for costs incurred by it in providing personal service and/or maintaining shareholder accounts at a rate not to exceed .25 of 1% per annum of the average daily net assets of the Class A shares (service fee). The Fund shall calculate and accrue daily amounts reimbursable by the Class A shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors may determine. Costs of the Distributor subject to reimbursement hereunder include account servicing fees and indirect and overhead costs associated with providing personal service and/or maintaining shareholder accounts.

3. Payment for Distribution Activities

The Fund shall reimburse the Distributor for costs incurred by it in performing Distribution Activities at a rate which, together with the service fee (described in Section 2 hereof), shall not exceed .30% per annum of the average daily net assets of the Class A shares of the Fund. The Fund shall calculate and accrue daily amounts reimbursable by the Class A shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors may determine.

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Amounts paid to the Distributor by the Class A shares of the Fund will not be used to pay the distribution expenses incurred with respect to the Class B shares of the Fund except that distribution expenses attributable to the Fund as a whole will be allocated to the Class A shares according to the ratio of the sales of Class A shares to the total sales of the Fund's shares over the Fund's fiscal year or such other allocation method approved by the Board of Directors. The allocation of distribution expenses among Classes will be subject to the review of the Board of Directors. Payments hereunder will be applied to distribution expenses in the order in which they are incurred, unless otherwise determined by the Board of Directors.

Costs of the Distributor subject to reimbursement hereunder are costs of performing Distribution Activities and may include, among others:

- (a) amounts paid to Prudential Securities in reimbursement of costs incurred by Prudential Securities in performing services under a selected dealer agreement between Prudential Securities and the Distributor for sale of Class A shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, account executives and indirect and overhead costs associated with Distribution Activities, including central office and branch expenses;
- (b) amounts paid to Prusec in reimbursement of costs incurred by Prusec in performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class A shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with Distribution Activities;

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- (c) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund prospectuses, statements of additional information and periodic financial reports and sales literature to persons other than current shareholders of the Fund; and
- (d) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and financial institutions (other than Prudential Securities and Prusec) which have entered into selected dealer agreements with the Distributor with respect to shares of the Fund.

4. Quarterly Reports; Additional Information

An appropriate officer of the Fund will provide to the Board of Directors

of the Fund for review, at least quarterly, a written report specifying in reasonable detail the amounts expended for Distribution Activities (including payment of the service fee) and the purposes for which such expenditures were made in compliance with the requirements of Rule 12b-1. The Distributor will provide to the Board of Directors of the Fund such additional information as the Board of Directors shall from time to time reasonably request, including information about Distribution Activities undertaken or to be undertaken by the Distributor.

The Distributor will inform the Board of Directors of the Fund of the commissions and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and financial institutions which have selected dealer agreements with the Distributor.

5. Effectiveness; Continuation

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The Plan shall not take effect until it has been approved by a vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class A shares of the Fund.

If approved by a vote of a majority of the outstanding voting securities of the Class A shares of the Fund, the Plan shall, unless earlier terminated in accordance with its terms, continue in full force and effect thereafter for so long as such continuance is specifically approved at least annually by a majority of the Board of Directors of the Fund and a majority of the Rule 12b-1 Directors by votes cast in person at a meeting called for the purpose of voting on the continuation of the Plan.

6. Termination

This Plan may be terminated at any time by vote of a majority of the Rule 12b-1 Directors, or by vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class A shares of the Fund.

7. Amendments

The Plan may not be amended to change the distribution expenses to be paid as provided for in Section 3 hereof so as to increase materially the amounts payable under this Plan unless such amendment shall be approved by the vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class A shares of the Fund. All material amendments of the Plan, including the addition or deletion of categories of expenditures which are reimbursable hereunder, shall be approved by a majority of the Board of

Directors of the Fund and a majority of the Rule 12b-1 Directors by votes cast in person at a meeting called for the purpose of voting on the Plan.

8. Non-interested Directors

While the Plan is in effect, the selection and nomination of the Directors who are not "interested persons" of the Fund (non-interested Directors) shall be committed to the discretion of the non-interested Directors.

9. Records

The Fund shall preserve copies of the Plan and any related agreements and all reports made pursuant to Section 4 hereof, for a period of not less than six years from the date of effectiveness of the Plan, such agreements or reports, and for at least the first two years in an easily accessible place.

Dated as of January 22, 1990 and
amended and restated as of July 1, 1993.

PRUDENTIAL GROWTH FUND, INC.

Distribution and Service Plan
(Class B Shares)

Introduction

The Distribution and Service Plan (the Plan) set forth below which is designed to conform to the requirements of Rule 12b-1 under the Investment Company Act of 1940 (the Investment Company Act) and Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (NASD) has been adopted by Prudential Growth Fund, Inc., (the Fund) and by Prudential Securities Incorporated (Prudential Securities), the Fund's distributor (the Distributor).

The Fund has entered into a distribution agreement (the Distribution Agreement) pursuant to which the Fund will continue to employ the Distributor to distribute Class B shares issued by the Fund (Class B shares). Under the Distribution Agreement, the Distributor will be entitled to receive payments from investors of contingent deferred sales charges imposed with respect to certain repurchases and redemptions of Class B shares. Under the Plan, the Fund wishes to reimburse the Distributor for costs incurred by the Distributor in distributing Class B shares of the Fund and to pay the Distributor a service fee for the maintenance of Class B shareholder accounts. A majority of the Board of Directors of the Fund including a majority who are not "interested persons" of the Fund (as defined in the Investment Company Act) and who have no direct or indirect financial interest in the operation of this Plan or any agreements

related to it (the Rule 12b-1 Directors), have determined by votes cast in person at a meeting called for the purpose of voting on this Plan that there is a reasonable likelihood that adoption of this Plan will benefit the Fund and its shareholders. Expenditures under this Plan by the Fund for Distribution Activities (defined below) are primarily intended to result in the sale of Class B shares of the Fund within the meaning of paragraph (a)(2) of Rule 12b-1 promulgated under the Investment Company Act.

The purpose of the Plan is to create incentives to the Distributor and/or other qualified broker-dealers and their account executives to provide distribution assistance to their customers who are investors in the Fund, to defray the costs and expenses associated with the preparation, printing and

distribution of prospectuses and sales literature and other promotional and distribution activities and to provide for the servicing and maintenance of shareholder accounts.

The Plan

The material aspects of the Plan are as follows:

1. Distribution Activities

The Fund shall engage the Distributor to distribute Class B shares of the Fund and to service shareholder accounts using all of the facilities of the Prudential Securities distribution network including sales personnel and branch office and central support systems, and also using such other qualified broker-dealers and financial institutions as the Distributor may select,

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including Pruco Securities Corporation (Prusec). Services provided and activities undertaken to distribute Class B shares of the Fund are referred to herein as "Distribution Activities."

2. Payment of Service Fee

The Fund shall reimburse the Distributor for costs incurred by it in providing personal service and/or maintaining shareholder accounts at a rate not to exceed .25 of 1% per annum of the average daily net assets of the Class B shares (service fee). The Fund shall calculate and accrue daily amounts reimbursable by the Class B shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors may determine. Costs of the Distributor subject to reimbursement hereunder include account servicing fees and indirect and overhead costs associated with providing personal service and/or maintaining shareholder accounts.

3. Payment for Distribution Activities

The Fund shall reimburse the Distributor at a rate which shall not exceed 1% per annum of the average daily net assets of the Class B shares of the Fund for costs incurred by it in performing Distribution Activities. The Fund shall calculate and accrue daily amounts reimbursable by the Class B shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors may determine. Proceeds from contingent deferred sales charges will be applied to reduce the costs incurred in performing Distribution Activities. The Fund shall carry forward amounts reimbursable that are not paid because they exceed .75 of 1% per annum of the average daily net assets of the

Class B shares of the Fund (Carry Forward Amounts) and shall pay such amounts within the .75 of 1% per annum payment rate limitation so long as this Plan, including any amendments hereto, is in effect, subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice. Although the Fund is not liable for unreimbursed distribution expenses, in the event of termination or discontinuation of the Plan, the Board of Directors may consider the appropriateness of having the Class B shares of the Fund reimburse the Distributor for the then outstanding Carry Forward Amounts plus interest thereon to the extent permitted by applicable law or regulation from the effective date of the Plan.

Amounts paid to the Distributor by the Class B shares of the Fund will not be used to pay the distribution expenses incurred with respect to the Class A shares of the Fund except that distribution expenses attributable to the Fund as a whole will be allocated to the Class B shares according to the ratio of the sale of Class B shares to the total sales of the Fund's shares over the Fund's fiscal year or such other allocation method approved by the Board of Directors. The allocation of distribution expenses among Classes will be subject to the review of the Board of Directors. Payments hereunder will be applied to distribution expenses in the order in which they are incurred, unless otherwise determined by the Board of Directors.

Costs of the Distributor subject to reimbursement hereunder are all costs of performing Distribution Activities and include, among others:

- (a) sales commissions (including trailer commissions) paid to, or on account of, account executives of the Distributor;
- (b) indirect and overhead costs of the Distributor associated with performance of distribution activities including central office and branch expenses;
- (c) amounts paid to Prusec in reimbursement of all costs incurred by Prusec in performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class B shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with distribution activities;
- (d) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund prospectuses, statements of additional information and periodic financial reports and sales literature to persons other than current

shareholders of the Fund;

- (e) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and other financial institutions (other than Prusec) which have entered into selected dealer agreements with the Distributor with respect to shares of the Fund;
- (f) to the extent permitted by law, interest on unreimbursed Carry Forward Amounts as defined in Section 3 at a rate equal to that paid by Prudential Securities for bank borrowings as such rate may vary from day to day, not to exceed that permitted under Article III, Section 26, of the NASD Rules of Fair Practice; and
- (g) unreimbursed distribution expenses incurred with respect to the sale of Class B shares which have been exchanged into the Fund.

4. Quarterly Reports; Additional Information

An appropriate officer of the Fund will provide to the Board of Directors of the Fund for review, at least quarterly, a written report specifying in reasonable detail the amounts expended for Distribution Activities (including payment of the service fee) and the purposes for which such expenditures were made in compliance with the requirements of Rule 12b-1. The Distributor will provide to the Board of Directors of the Fund such additional information as they shall from time to time reasonably request, including information about Distribution Activities undertaken or to be undertaken by the Distributor.

The Distributor will inform the Board of Directors of the Fund of the commissions and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and other financial institutions which have selected dealer agreements with the Distributor.

5. Effectiveness; Continuation

The Plan shall not take effect until it has been approved by a vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class B shares of the Fund.

If approved by a vote of a majority of the outstanding voting securities of the Class B shares of the Fund, the Plan shall, unless earlier terminated in accordance with its terms, continue in full force and effect thereafter for so long as such continuance is specifically approved at least annually by a

majority of the Board of Directors of the Fund and a majority of the Rule 12b-1 Directors by votes cast in person at a meeting called for the purpose of voting on the continuation of the Plan.

6. Termination

This Plan may be terminated at any time by vote of a majority of the Rule 12b-1 Directors, or by vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class B shares of the Fund.

7. Amendments

The Plan may not be amended to change the distribution expenses to be paid as provided for in Section 3 hereof so as to increase materially the amounts payable under this Plan unless such amendment shall be approved by the vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class B shares of the Fund. All material amendments of the Plan, including the addition or deletion of categories of expenditures which are reimbursable hereunder, shall be approved by a majority of the Board of Directors of the Fund and a majority of the Rule 12b-1 Directors by votes cast in person at a meeting called for the purpose of voting on the Plan.

8. Non-interested Directors

While the Plan is in effect, the selection and nomination of the Directors who are not "interested persons" of the Fund (non-interested Directors) shall be committed to the discretion of the non-interested Directors.

9. Records

The Fund shall preserve copies of the Plan and any related agreements and all reports made pursuant to Section 4 hereof, for a period of not less than six years from the date of effectiveness of the Plan, such agreements or reports, and for at least the first two years in an easily accessible place.

Dated January 22, 1990 and
amended and restated as of July 1, 1993

PRUDENTIAL _____ FUND
Form of
Distribution and Service Plan
(Class A Shares)

Introduction

The Distribution and Service Plan (the Plan) set forth below which is designed to conform to the requirements of Rule 12b-1 under the Investment Company Act of 1940 (the Investment Company Act) and Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (NASD) has been adopted by Prudential _____ Fund (the Fund) and by Prudential Mutual Fund Distributors, Inc., the Fund's distributor (the Distributor).

The Fund has entered into a distribution agreement pursuant to which the Fund will employ the Distributor to distribute Class A shares issued by the Fund (Class A shares). Under the Plan, the Fund intends to pay to the Distributor, as compensation for its services, a distribution and service fee with respect to Class A shares.

A majority of the Board of Directors or Trustees of the Fund, including a majority of those Directors or Trustees who are not "interested persons" of the Fund (as defined in the Investment Company Act) and who have no direct or indirect financial interest in the operation of this Plan or any agreements related to it (the Rule 12b-1 Directors or Trustees), have determined by votes cast in person at a meeting called for the purpose of voting on this Plan that there is a reasonable likelihood that adoption of this Plan will benefit the

Fund and its shareholders. Expenditures under this Plan by the Fund for Distribution Activities (defined below) are primarily intended to result in the sale of Class A shares of the Fund within the meaning of paragraph (a)(2) of Rule 12b-1 promulgated under the Investment Company Act.

The purpose of the Plan is to create incentives to the Distributor and/or other qualified broker-dealers and their account executives to provide distribution assistance to their customers who are investors in the Fund, to defray the costs and expenses associated with the preparation, printing and distribution of prospectuses and sales literature and other promotional and distribution activities and to provide for the servicing and maintenance of shareholder accounts.

The material aspects of the Plan are as follows:

1. Distribution Activities

The Fund shall engage the Distributor to distribute Class A shares of the Fund and to service shareholder accounts using all of the facilities of the distribution networks of Prudential Securities Incorporated (Prudential Securities) and Pruco Securities Corporation (Prusec), including sales personnel and branch office and central support systems, and also using such other qualified broker-dealers and financial institutions as the Distributor may select. Services provided and activities undertaken to distribute Class A shares of the Fund are referred to herein as "Distribution Activities."

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2. Payment of Service Fee

The Fund shall pay to the Distributor as compensation for providing personal service and/or maintaining shareholder accounts a service fee of .25 of 1% per annum of the average daily net assets of the Class A shares (service fee). The Fund shall calculate and accrue daily amounts payable by the Class A shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors/Trustees may determine.

3. Payment for Distribution Activities

The Fund shall pay to the Distributor as compensation for its services a distribution fee, together with the service fee (described in Section 2 hereof), of .30 of 1% per annum of the average daily net assets of the Class A shares of the Fund for the performance of Distribution Activities. The Fund shall calculate and accrue daily amounts payable by the Class A shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors/Trustees may determine. Amounts payable under the Plan shall be subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

Amounts paid to the Distributor by the Class A shares of the Fund will not be used to pay the distribution expenses incurred with respect to any other class of shares of the Fund except that distribution expenses attributable to the Fund as a whole will be allocated to the Class A shares according to the ratio of the sales of Class A shares to the total sales of the Fund's shares

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over the Fund's fiscal year or such other allocation method approved by the Board of Directors or Trustees. The allocation of distribution expenses among classes will be subject to the review of the Board of Directors or Trustees.

The Distributor shall spend such amounts as it deems appropriate on Distribution Activities which include, among others:

- (a) amounts paid to Prudential Securities for performing services under a selected dealer agreement between Prudential Securities and the Distributor for sale of Class A shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, account executives and indirect and overhead costs associated with Distribution Activities, including central office and branch expenses;
- (b) amounts paid to Prusec for performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class A shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with Distribution Activities;
- (c) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund prospectuses, statements of additional information and periodic financial reports and sales literature to persons other than current shareholders of the Fund; and
- (d) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and financial institutions (other than Prudential Securities and Prusec) which have entered into selected dealer agreements with the Distributor with respect to shares of the Fund.

4. Quarterly Reports; Additional Information

An appropriate officer of the Fund will provide to the Board of Directors or Trustees of the Fund for review, at least quarterly, a written report specifying in reasonable detail the amounts expended for Distribution Activities (including payment of the service fee) and the purposes for which such expenditures were made in compliance with the requirements of Rule 12b-1. The Distributor will provide to the Board of Directors or Trustees of the Fund such additional information as the Board or Trustees shall from time to time

reasonably request, including information about Distribution Activities undertaken or to be undertaken by the Distributor.

The Distributor will inform the Board of Directors or Trustees of the Fund of the commissions and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and financial institutions which have selected dealer agreements with the Distributor.

5. Effectiveness; Continuation

The Plan shall not take effect until it has been approved by a vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class A shares of the Fund.

If approved by a vote of a majority of the outstanding voting securities of the Class A shares of the Fund, the Plan shall, unless earlier terminated in accordance with its terms, continue in full force and effect thereafter for so long as such continuance is specifically approved at least annually by a

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majority of the Board of Directors or Trustees of the Fund and a majority of the Rule 12b-1 Directors or Trustees by votes cast in person at a meeting called for the purpose of voting on the continuation of the Plan.

6. Termination

This Plan may be terminated at any time by vote of a majority of the Rule 12b-1 Directors or Trustees, or by vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class A shares of the Fund.

7. Amendments

The Plan may not be amended to change the combined service and distribution fees to be paid as provided for in Sections 2 and 3 hereof so as to increase materially the amounts payable under this Plan unless such amendment shall be approved by the vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class A shares of the Fund. All material amendments of the Plan shall be approved by a majority of the Board of Directors or the Trustees of the Fund and a majority of the Rule 12b-1 Directors or Trustees by votes cast in person at a meeting called for the purpose of voting on the Plan.

8. Rule 12b-1 Directors or Trustees

While the Plan is in effect, the selection and nomination of the Rule

12b-1 Directors or Trustees shall be committed to the discretion of the Rule
12b-1 Directors or Trustees.

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9. Records

The Fund shall preserve copies of the Plan and any related agreements and all reports made pursuant to Section 4 hereof, for a period of not less than six years from the date of effectiveness of the Plan, such agreements or reports, and for at least the first two years in an easily accessible place.

*[10. Enforcement of Claims.

The name "Prudential _____ Trust" is the designation of the Trustees under a Declaration of Trust dated _____, 19__ and all persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any claims against the Fund, and neither the Trustees, officers, agents of shareholders assume any personal liability for obligations entered into on behalf of the Fund.]

Dated:

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PRUDENTIAL _____ FUND
Form of
Distribution and Service Plan
(Class B Shares)

Introduction

The Distribution and Service Plan (the Plan) set forth below which is designed to conform to the requirements of Rule 12b-1 under the Investment Company Act of 1940 (the Investment Company Act) and Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (NASD) has been adopted by Prudential _____ Fund, (the Fund) and by Prudential Securities Incorporated (Prudential Securities), the Fund's distributor (the Distributor).

The Fund has entered into a distribution agreement pursuant to which the Fund will continue to employ the Distributor to distribute Class B shares issued by the Fund (Class B shares). Under the Plan, the Fund wishes to pay to the Distributor, as compensation for its services, a distribution and service fee with respect to Class B shares.

A majority of the Board of Directors or Trustees of the Fund including a majority who are not "interested persons" of the Fund (as defined in the Investment Company Act) and who have no direct or indirect financial interest in the operation of this Plan or any agreements related to it (the Rule 12b-1 Directors or Trustees), have determined by votes cast in person at a meeting called for the purpose of voting on this Plan that there is a reasonable likelihood that adoption of this Plan will benefit the Fund and its

shareholders. Expenditures under this Plan by the Fund for Distribution Activities (defined below) are primarily intended to result in the sale of Class B shares of the Fund within the meaning of paragraph (a)(2) of Rule 12b-1 promulgated under the Investment Company Act.

The purpose of the Plan is to create incentives to the Distributor and/or other qualified broker-dealers and their account executives to provide distribution assistance to their customers who are investors in the Fund, to defray the costs and expenses associated with the preparation, printing and distribution of prospectuses and sales literature and other promotional and distribution activities and to provide for the servicing and maintenance of shareholder accounts.

The material aspects of the Plan are as follows:

1. Distribution Activities

The Fund shall engage the Distributor to distribute Class B shares of the Fund and to service shareholder accounts using all of the facilities of the Prudential Securities distribution network including sales personnel and branch office and central support systems, and also using such other qualified broker-dealers and financial institutions as the Distributor may select, including Pruco Securities Corporation (Prusec). Services provided and activities undertaken to distribute Class B shares of the Fund are referred to herein as "Distribution Activities."

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2. Payment of Service Fee

The Fund shall pay to the Distributor as compensation for providing personal service and/or maintaining shareholder accounts a service fee of .25 of 1% per annum of the average daily net assets of the Class B shares (service fee). The Fund shall calculate and accrue daily amounts payable by the Class B shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors/Trustees may determine.

3. Payment for Distribution Activities

The Fund shall pay to the Distributor as compensation for its services a distribution fee of .75 of 1% per annum of the average daily net assets of the Class B shares of the Fund for the performance of Distribution Activities. The Fund shall calculate and accrue daily amounts payable by the Class B shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors/Trustees may determine. Amounts payable under the Plan shall be subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

Amounts paid to the Distributor by the Class B shares of the Fund will not be used to pay the distribution expenses incurred with respect to any other class of shares of the Fund except that distribution expenses attributable to the Fund as a whole will be allocated to the Class B shares according to the ratio of the sale of Class B shares to the total sales of the Fund's shares over the Fund's fiscal year or such other allocation method approved by the Board of Directors or Trustees. The allocation of distribution expenses among classes

will be subject to the review of the Board of Directors or Trustees.

The Distributor shall spend such amounts as it deems appropriate on Distribution Activities which include, among others:

- (a) sales commissions (including trailer commissions) paid to, or on account of, account executives of the Distributor;
- (b) indirect and overhead costs of the Distributor associated with performance of Distribution Activities including central office and branch expenses;
- (c) amounts paid to Prusec for performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class B shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with Distribution Activities;
- (d) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund prospectuses, statements of additional information and periodic financial reports and sales literature to persons other than current shareholders of the Fund; and
- (e) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and other financial institutions (other than Prusec) which have entered into selected dealer agreements with the Distributor with respect to shares of the Fund.

4. Quarterly Reports; Additional Information

An appropriate officer of the Fund will provide to the Board of Directors or Trustees of the Fund for review, at least quarterly, a written report specifying in reasonable detail the amounts expended for Distribution Activities (including payment of the service fee) and the purposes for which such expenditures were made in compliance with the requirements of Rule 12b-1. The Distributor will provide to the Board of Directors or Trustees of the Fund such

additional information as they shall from time to time reasonably request, including information about Distribution Activities undertaken or to be undertaken by the Distributor.

The Distributor will inform the Board of Directors or Trustees of the Fund of the commissions and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and other financial institutions which have selected dealer agreements with the Distributor.

5. Effectiveness; Continuation

The Plan shall not take effect until it has been approved by a vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class B shares of the Fund.

If approved by a vote of a majority of the outstanding voting securities of the Class B shares of the Fund, the Plan shall, unless earlier terminated in accordance with its terms, continue in full force and effect thereafter for so long as such continuance is specifically approved at least annually by a majority of the Board of Directors or Trustees of the Fund and a majority of the Rule 12b-1 Directors or Trustees by votes cast in person at a meeting called for the purpose of voting on the continuation of the Plan.

6. Termination

This Plan may be terminated at any time by vote of a majority of the Rule 12b-1 Directors or Trustees, or by vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class B shares of the Fund.

7. Amendments

The Plan may not be amended to change the combined service and distribution fees to be paid as provided for in Sections 2 and 3 hereof so as to increase materially the amounts payable under this Plan unless such amendment shall be approved by the vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class B shares of the Fund. All material amendments of the Plan shall be approved by a majority of the Board of Directors or Trustees of the Fund and a majority of the Rule 12b-1 Directors or Trustees by votes cast in person at a meeting called for the purpose of voting on the Plan.

8. Rule 12b-1 Directors or Trustees

While the Plan is in effect, the selection and nomination of the Rule 12b-1 Directors or Trustees shall be committed to the discretion of the Rule 12b-1 Directors or Trustees.

9. Records

The Fund shall preserve copies of the Plan and any related agreements and all reports made pursuant to Section 4 hereof, for a period of not less than six years from the date of effectiveness of the Plan, such agreements or reports, and for at least the first two years in an easily accessible place.

*[10. Enforcement of Claims.

The name "Prudential _____ Trust" is the designation of the Trustees under a Declaration of Trust dated _____, 19__ and all persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any

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claims against the Fund, and neither the Trustees, officers, agents of shareholders assume any personal liability for obligations entered into on behalf of the Fund.]

Dated:

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PRUDENTIAL _____ FUND
Form of
Distribution and Service Plan
(Class C Shares)

Introduction

The Distribution and Service Plan (the Plan) set forth below which is designed to conform to the requirements of Rule 12b-1 under the Investment Company Act of 1940 (the Investment Company Act) and Article III, Section 26 of the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (NASD) has been adopted by Prudential _____ Fund, (the Fund) and by Prudential Securities Incorporated (Prudential Securities), the Fund's distributor (the Distributor).

The Fund has entered into a distribution agreement pursuant to which the Fund will continue to employ the Distributor to distribute Class C shares issued by the Fund (Class C shares). Under the Plan, the Fund wishes to pay to the Distributor, as compensation for its services, a distribution and service fee with respect to Class C shares.

A majority of the Board of Directors or Trustees of the Fund including a majority who are not "interested persons" of the Fund (as defined in the Investment Company Act) and who have no direct or indirect financial interest in the operation of this Plan or any agreements related to it (the Rule 12b-1 Directors or Trustees), have determined by votes cast in person at a meeting called for the purpose of voting on this Plan that there is a reasonable likelihood that adoption of this Plan will benefit the Fund and its

shareholders. Expenditures under this Plan by the Fund for Distribution Activities (defined below) are primarily intended to result in the sale of Class C shares of the Fund within the meaning of paragraph (a)(2) of Rule 12b-1 promulgated under the Investment Company Act.

The purpose of the Plan is to create incentives to the Distributor and/or other qualified broker-dealers and their account executives to provide distribution assistance to their customers who are investors in the Fund, to defray the costs and expenses associated with the preparation, printing and distribution of prospectuses and sales literature and other promotional and distribution activities and to provide for the servicing and maintenance of shareholder accounts.

The material aspects of the Plan are as follows:

1. Distribution Activities

The Fund shall engage the Distributor to distribute Class C shares of the Fund and to service shareholder accounts using all of the facilities of the Prudential Securities distribution network including sales personnel and branch office and central support systems, and also using such other qualified broker-dealers and financial institutions as the Distributor may select, including Pruco Securities Corporation (Prusec). Services provided and activities undertaken to distribute Class C shares of the Fund are referred to herein as "Distribution Activities."

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2. Payment of Service Fee

The Fund shall pay to the Distributor as compensation for providing personal service and/or maintaining shareholder accounts a service fee of .25 of 1% per annum of the average daily net assets of the Class C shares (service fee). The Fund shall calculate and accrue daily amounts payable by the Class C shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors/Trustees may determine.

3. Payment for Distribution Activities

The Fund shall pay to the Distributor as compensation for its services a distribution fee of .75 of 1% per annum of the average daily net assets of the Class C shares of the Fund for the performance of Distribution Activities. The Fund shall calculate and accrue daily amounts payable by the Class C shares of the Fund hereunder and shall pay such amounts monthly or at such other intervals as the Board of Directors/Trustees may determine. Amounts payable under the Plan shall be subject to the limitations of Article III, Section 26 of the NASD Rules of Fair Practice.

Amounts paid to the Distributor by the Class C shares of the Fund will not be used to pay the distribution expenses incurred with respect to any other class of shares of the Fund except that distribution expenses attributable to the Fund as a whole will be allocated to the Class C shares according to the ratio of the sale of Class C shares to the total sales of the Fund's shares over the Fund's fiscal year or such other allocation method approved by the Board of

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Directors or Trustees. The allocation of distribution expenses among classes will be subject to the review of the Board of Directors or Trustees.

The Distributor shall spend such amounts as it deems appropriate on Distribution Activities which include, among others:

- (a) sales commissions (including trailer commissions) paid to, or on account of, account executives of the Distributor;
- (b) indirect and overhead costs of the Distributor associated with performance of Distribution Activities including central office and branch expenses;
- (c) amounts paid to Prusec for performing services under a selected dealer agreement between Prusec and the Distributor for sale of Class C shares of the Fund, including sales commissions and trailer commissions paid to, or on account of, agents and indirect and overhead costs associated with Distribution Activities;
- (d) advertising for the Fund in various forms through any available medium, including the cost of printing and mailing Fund prospectuses, statements of additional information and periodic financial reports and sales literature to persons other than current shareholders of the Fund; and
- (e) sales commissions (including trailer commissions) paid to, or on account of, broker-dealers and other financial institutions (other than Prusec) which have entered into selected dealer agreements with the Distributor with respect to shares of the Fund.

4. Quarterly Reports; Additional Information

An appropriate officer of the Fund will provide to the Board of Directors or Trustees of the Fund for review, at least quarterly, a written report specifying in reasonable detail the amounts expended for Distribution Activities (including payment of the service fee) and the purposes for which such expenditures were made in compliance with the requirements of Rule 12b-1. The Distributor will provide to the Board of Directors or Trustees of the Fund such

additional information as they shall from time to time reasonably request, including information about Distribution Activities undertaken or to be undertaken by the Distributor.

The Distributor will inform the Board of Directors or Trustees of the Fund of the commissions and account servicing fees to be paid by the Distributor to account executives of the Distributor and to broker-dealers and other financial institutions which have selected dealer agreements with the Distributor.

5. Effectiveness; Continuation

The Plan shall not take effect until it has been approved by a vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class C shares of the Fund.

If approved by a vote of a majority of the outstanding voting securities of the Class C shares of the Fund, the Plan shall, unless earlier terminated in accordance with its terms, continue in full force and effect thereafter for so long as such continuance is specifically approved at least annually by a majority of the Board of Directors or Trustees of the Fund and a majority of the Rule 12b-1 Directors or Trustees by votes cast in person at a meeting called for the purpose of voting on the continuation of the Plan.

6. Termination

This Plan may be terminated at any time by vote of a majority of the Rule 12b-1 Directors or Trustees, or by vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class C shares of the Fund.

7. Amendments

The Plan may not be amended to change the combined service and distribution fees to be paid as provided for in Sections 2 and 3 hereof so as to increase materially the amounts payable under this Plan unless such amendment shall be approved by the vote of a majority of the outstanding voting securities (as defined in the Investment Company Act) of the Class C shares of the Fund. All material amendments of the Plan shall be approved by a majority of the Board of Directors or Trustees of the Fund and a majority of the Rule 12b-1 Directors or Trustees by votes cast in person at a meeting called for the purpose of voting on the Plan.

8. Rule 12b-1 Directors or Trustees

While the Plan is in effect, the selection and nomination of the Rule 12b-1 Directors or Trustees shall be committed to the discretion of the Rule 12b-1 Directors or Trustees.

9. Records

The Fund shall preserve copies of the Plan and any related agreements and all reports made pursuant to Section 4 hereof, for a period of not less than six years from the date of effectiveness of the Plan, such agreements or reports, and for at least the first two years in an easily accessible place.

*[10. Enforcement of Claims.

The name "Prudential _____ Trust" is the designation of the Trustees under a Declaration of Trust dated _____, 19__ and all persons dealing with the Fund must look solely to the property of the Fund for the enforcement of any

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claims against the Fund, and neither the Trustees, officers, agents of shareholders assume any personal liability for obligations entered into on behalf of the Fund.]

Dated:

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